POLITECNICO DI MILANO

Department of Industrial Engineering – Master thesis in Management Engineering

Overview of cross-border M&A deals in the Italian market

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Abstract

The high number of M&A deals registered into the Italian market in the last years raised the necessity to investigate the impact of foreign capital investment. In particular, object of analysis are the cross-border M&A deals involving an Italian target acquired by a foreign bidder. The statistics assessed have the scope of measuring the value invested by different countries within each industry and understand which has been the most attractive sector and business.

The basis of the analysis is a dataset with 2500 deals provided which had already inside most of the necessary information (date, value, nationality of the companies involved, value of the multiples) and that has been completed through research on AIDA and other sources. In order to arrive to the final sample has been applied a skimming process to the dataset with the introduction of restrictive parameters on date, revenues, country, target etc.

From the analysis done it clear that 24% of the investments come from US (54 deal completed with a total value of €7.1 billion), the 12% from UK (29 deals completed with a total value of €6.2 billion) and 11% from France (26 deals completed with a total value of €1,9 billion). Assessing the cumulative invested capital across the different years of analysis it is evident that the investments made by eight countries (US, UK, Italy + US, Japan, Sweden, France and Spain) count for 84% of all the value and measure €24.4 billion. The most attractive industries for investors are Food & Beverage with 27 deal (average deal value of €363 million) and Retail with 19 deal (average deal value of €241 million). In the sample there are eight deals where the seller and the bidder are from the same countries and 73 deals where they are from the same continent. In the 91% of the deals the target is a private company and in 42% (95 deal) it is also an Italian controlled. With reference to the information contained, the average EV/Sales value is 1.73x and the average EV/EBITDA value is 9.03x.

Abstract

Il recente incremento del numero di operazioni di finanza straordinaria nel mercato Italiano, rende impellente la necessità di quantificare l'impatto degli investimenti provenienti da capitale estero. L'obiettivo è quello di mettere in luce quali sono state le industrie che hanno ricevuto maggiori investimenti e quali paesi siano da considerare come principali investitori, in termini di numero di deal eseguiti e valore totale investito. L'analisi ha anche l'intento di trovare quali sono stati i settori e i business specifici all'interno di ciascuna industria che si sono scoperti essere più attraenti per un investitore, al fine di creare sinergie commerciali oppure con lo scopo diversificare il proprio business.

Alla base vi è un database di 2500 deal fornito dal Politecnico di Milano dal quale è stato estratto, con l'introduzione di alcuni parametri, un campione composto da 225 elementi di interesse su cui si basa l'analisi. I deal scelti sono tutti avvenuti tra il 1 Gennaio 2013 e il 31 Dicembre 2016 e riguardano imprese situate nel territorio Italiano, ma non necessariamente controllate da proprietà Italiana, che hanno un fatturato compreso tra 50 e 500 milioni di euro.

Dalle analisi fatte è emerso che 24% degli investimenti proviene dagli USA (54 deal per un valore di €7.1 miliardi), il 12% dagli UK (29 deal un valore di €6.2 miliardi) e l'11% dalla Francia (26 deal per un valore di €1.9 miliardi). Analizzando il capitale totale investito, si nota che gli investimenti fatti da otto paesi (USA, UK, Italia + USA, Giappone, Svezia, Francia e Spagna) hanno contribuito per l'84% del valore pari a €24.4 miliardi. Tra i settori maggiormente interessati vi sono il Food & Beverage con 27 deal (valore medio di €363 milioni) e il Retail con 19 deal (valore medio di €241 milioni). Nel campione sono presenti 8 deal nei quali le parti (acquirente e venditore) provengono dalla stessa nazione e 73 deal nei quali provengono dallo stesso continente. Interessante è anche il fatto che nel 91% dei deal la target è un'impresa privata e il per il 42% (95 deal) la proprietà è Italiana. Compatibilmente con le informazioni a disposizione, il valore medio dei multipli è pari 1.736x per EV/Sales e a 9.03x per EV/EBITDA.

Section 1: Analysis introduction.

1.1 Scope of analysis

The analysis that we be explained in the further slides is based on the creation of a sample of 225 deals. The sample has been created starting from a dataset containing 2500 deals related to merge or an acquisition of an Italian based company. The scope of the analysis is to assess the impact of foreign investments in the Italian market; for this reason only the deals which describe the acquisition of an Italian target from a foreign acquirer have been considered. The starting point of the analysis is the creation of the sample. The scope of the analysis is to study more in deep the investments that have been done in the Italian market across four year (from 2013 to 2016). This analysis tells which has been the country that has invested more in the Italian territory in terms of number of deal or deal value. This result can be obtained focusing not on a specific country but on a specific continent of geographic area (i.e. Asia, North or South America, Middle East, Europe). Moving towards an industry perspective, the sample contains information to identify which have been the industry that has attracted more capital and within the industry which sector. We can also go more in deep and analyze the type of business that within a specific sector has represented a more than other a target for foreign investors. Looking at an industry from a different perspective, we can understand if there is a country that has invested more capital, or if a specific company has completed several acquisition. From an industry perspective the analysis might go forward, assessing if the industry or a sector has been a most appealing target for a private equity fund or for a company that acquired it to spread exploit synergies. Moving from general consideration to more specific and technical consideration, thanks to the analysis is possible to understand which type of acquisition in term of shares have been completed and which is the average industry multiples that has been applied to evaluate the transaction.

1.2 Sample creation

From the total set of data collected has been built a sample with the most relevant information for the analysis. Initial database contained 2500 deals and in order to arrive to the final database some restriction has been applied. In order to arrive to final sample some restrictions have been applied to the original dataset; at the end of the sample creation process 225 deals have been selected. All the deals that are part of the sample have been completed between the $01 - January - 2013$ and the $31 - December - 2016$. An additional restriction that has been applied for the selection of the deals is that the revenues of the target company registered in the fiscal year before the acquisition, have to be between 50 million euro and 500 million euro. Other main reasons for which a deal has been excluded form the final sample is because it involves a Startup company, an acquisition of portfolio (hotel, loans, funds, power station) or because it is an investment portfolio. Some deals have been excluded because the reference company is declare on bankrupt or it is investigated for fiscal fraud. Have been excluded deals involving the acquisition of specific plant inside a company (the target was the plant) or deal for which the negotiation has started in the period under investigation but has not been completed. It is possible to divide the deals that are part of the sample according to the completion and announcement date year by year.

Number of deal per year referring to announcement date:

- In 2013, from 1th January to the 31th December, the number of deals is 48.
- In 2014, from 1th January to the 31th December, the number of deals is 56.
- In 2015, from 1th January to the 31th December, the number of deals is 64.
- In 2016, from 1th January to the 31th December, the number of deals is 57.

Number of deal per year referring to completion date:

- In 2013, from 1th January to the 31th December, the number of deals is 42.
- In 2014, from 1th January to the 31th December, the number of deals is 59.
- In 2015, from 1th January to the 31th December, the number of deals is 54.
- In 2016, from 1th January to the 31th December, the number of deals is 70.

1.3 General deal information

The analysis that will be presented in the next pages is based on the information contained in the database. The sample that has been created contained specific information about cross border M&A transaction. The information available about the deal are: The announcement and completion date, the parent company, the deal type, the deal value (both in US$ and EU€), the deal technique used. About the target company: the name of the Target company, the target company status (private, public, government), the target nationality, the target specific business and sector (target primary SIC and NAICS), target advisory company. About the acquirer company: the name of the acquirer company, the acquirer parent, the public status, the nationality, the business and sector and the advisory company for the acquirer. There are also information about the divestor (name and nationality). There are also deal specific information as: EV ($m), EV/operating profit, initial stake %, acquired stake %, final stake %, deal characteristics, payment method. Other financial information are: Target sales revenues (m€), target EBIT, Target operating profit, target net debt.

Section 2: Industry analysis.

2.1 Full horizon industry analysis

First is interesting to have a global perspective, and looking at the industries and then more precisely to sectors, considering years from 2013-2016.

In the table below, the deals present in the databases have been clustered in 23 industries. Table shows the specific sectors contained within each industry and the relative number of deal referred to each sector.

Industries	Sectors within that industry
Aerospace-Aircraft & Auto/Truck	- Aerospace-Aircraft; 2
	- Auto/Truck-Manufacturers; 1
	- Auto/Truck-Parts & Equipment; 12
Chemicals	- Chemicals-Diversified; 1
	- Chemicals-Fertilizers; 2
	- Chemicals-Plastic; 3
	- Chemicals-Specialty; 4
Computers & Electronics	- Computers & Electronics-Components; 3
	- Computers & Electronics-Miscellaneous; 2
	- Computers & Electronics-Semiconductors; 4
	- Computers & Electronics-Software; 2
Construction/Bldg Prods	- Construction/Bldg Prods-Air Conditioning/Heat; 3

	- Construction/Bldg Prods-Infrastructure; 1
	-Construction/Bldg Prods-Maintenance; 1
	- Construction/Bldg Prods-Miscellaneous; 2
Consumer Products	- Consumer Products-Cosmetics & Toiletries; 1
	- Consumer Products-Footwear; 2
	- Consumer Products-Furniture; 3
	- Consumer Products-Glass; 1
	- Consumer Products-Household Appliances; 2
	- Consumer Products-Miscellaneous; 2
	- Consumer Products-Precious Metals/Jewelry; 2
	- Consumer Products-Rubber; 1
	- Consumer Products-Tobacco; 1
Defense-Contractors/Products & Services	- Defense-Contractors/Products & Services; 1
Dining & Lodging-Restaurants	- Dining & Lodging-Restaurants; 1
Finance	- Finance-Commercial & Savings Banks; 1
	- Finance-Investment Banks; 1
	- Finance-Investment Management; 1
	- Finance-Miscellaneous; 3
Food & Beverage	- Food & Beverage-Alcoholic Beverages; 3
	- Food & Beverage-Beer; 1
	- Food & Beverage-Canned Foods; 2
	- Food & Beverage-Confectionary; 2
	- Food & Beverage-Dairy Products; 4
	- Food & Beverage-Flour & Grain; 5
	- Food & Beverage-Miscellaneous; 4
	- Food & Beverage-Non-Alcoholic Beverages; 1

- Food & Beverage-Sugar & Refining; 3

- Food & Beverage-Wholesale Items; 2

Forestry & Paper-Packaging	- Forestry & Paper-Packaging; 5
Healthcare	- Healthcare-Drugs/Pharmaceuticals; 4
	- Healthcare-Hospitals/Clinics; 3
	- Healthcare-Instruments; 5
Insurance	- Insurance-Broker; 1
	- Insurance-Life; 1
	- Insurance-Multi-line; 2
Leisure & Recreation	- Leisure & Recreation-Gaming; 2
	- Leisure & Recreation-Services; 2
Machinery	- Machinery-Electrical; 1
	- Machinery-Farm Equipment; 1
	- Machinery-General Industrial; 13
	- Machinery-Machine Tools; 3
Metal & Steel	- Metal & Steel-Processing; 4
	- Metal & Steel-Products; 12
Professional Services	- Professional Services-Advertising/Marketing; 2
	- Professional Services-Management Consulting; 2
	- Professional Services-Miscellaneous; 3

- Professional Services-Personnel; 1

- Professional Services-Printing; 2

- Professional Services-Security/Protection; 1

- Professional Services-Travel Agencies; 1

Publishing   - Publishing-Books; 1

- Publishing-Diversified; 3

Real Estate/Property-Operations   - Real Estate/Property-Operations; 1

Retail   - Real Estate/Property-Operations; 1

- Retail-Apparel/Shoes; 11

- Retail-Computers & Related; 1

- Retail-Home Furnishings; 1

- Retail-Jewelry Stores; 1

- Retail-Miscellaneous; 3

- Retail-Supermarkets; 2

Telecommunications   - Telecommunications-Radio/TV Broadcasting; 2

- Telecommunications-Satellite; 1

- Telecommunications-Services; 2

- Telecommunications-Telephone; 1

- Telecommunications-Wireless/Cellular; 1

Textile   - Textile-Apparel Manufacturing; 6

- Textile-Home Furnishings; 2

- Textile-Mill Products; 3

Transportation   - Transportation-Airports; 2

- Transportation-Equipment & Leasing; 1

- Transportation-General Logistics/Warehousing;
1
- Transportation-Services; 3
- Transportation-Ship; 3

Utility & Energy
- Utility & Energy-Diversified; 1
- Utility & Energy-Gas; 3
- Utility & Energy-Hydroelectric Power; 1
- Utility & Energy-Waste Management; 2

From the Table 1, which resume the information contained in the above list, we can easily understand which industry has registered the highest number of deal and more specifically which sector within the industry. The same analysis can be performed considering only one year and through this we can understand which sector and industry have been a most appealing target for investors in the specific year and we can compute a trend of investment across the four years.
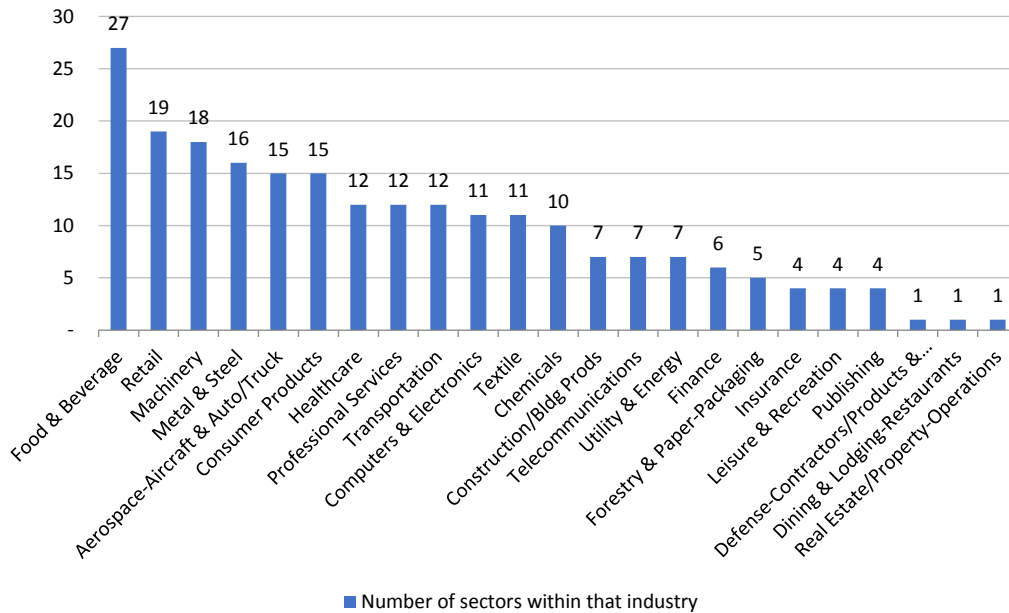
Table 1- Number of deal per Industry considering the deal from 2013 to 2016

The graph represents the correlation between industries and number of deal completed considering the total horizon of analysis (2013-2016). The number of deal is not homogeneously distributed across all the industries; Food and Beverage industry lead the chart with 27 deals (10% of all the deals) and is without any doubt the most target industry for foreign investors. Retail industry follows with 19 deals (8,5% of all the deals) then we find Machinery industry with 18 deals (8% of all the deals) and Metal & Steel with 16 deals (7% of all the deals). Right after these there are Consumer Product industry and Aerospace-Aircraft & Auto/Truck industry which counts both for with 15 deals (6% of the total industry). After these we find all the other industries which has registered a significant smaller number of deal and account all together for the rest 54,5 %.

2.2 Analysis of the industry in 2016

Industries	Sectors within that industry
Aerospace-Aircraft & Auto/Truck	- Auto/Truck-Parts & Equipment; 4
Chemicals	- Chemicals-Fertilizers; 2
	- Chemicals-Plastic; 2
	- Chemicals-Specialty; 1
Computers & Electronics	- Computers & Electronics-Miscellaneous; 1
	- Computers & Electronics-Semiconductors; 2
	- Computers & Electronics-Software; 2

Construction/Bldg Prods	- Construction/Bldg Prods-Infrastructure; 1
	- Construction/Bldg Prods-Miscellaneous; 1
Consumer Products	- Consumer Products-Furniture; 2
	- Consumer Products-Glass; 1
	- Consumer Products-Household Appliances; 2
Finance	- Finance-Investment Banks; 1
	- Finance-Investment Management; 1
	- Finance-Miscellaneous; 1
Food & Beverage	- Food & Beverage-Alcoholic Beverages; 2
	- Food & Beverage-Beer; 1
	- Food & Beverage-Canned Foods; 1
	- Food & Beverage-Dairy Products; 1
	- Food & Beverage-Flour & Grain; 1
	- Food & Beverage-Miscellaneous; 3
	- Food & Beverage-Sugar & Refining; 1
Forestry & Paper-Packaging	- Forestry & Paper-Packaging; 2
Healthcare	- Healthcare-Drugs/Pharmaceuticals; 2
	- Healthcare-Hospitals/Clinics; 2
	- Healthcare-Instruments; 1
Insurance	- Insurance-Multi-line; 1
Leisure & Recreation	- Leisure & Recreation-Gaming; 1
Machinery	- Machinery-General Industrial; 4
	- Machinery-Machine Tools; 2

|	
Metal & Steel	- Metal & Steel-Products; 3
Professional Services	- Professional Services-Management Consulting; 1
	- Professional Services-Miscellaneous; 1
	- Professional Services-Personnel; 1
	- Professional Services-Travel Agencies; 1
Publishing	- Publishing-Diversified; 1
Retail	- Retail-Apparel/Shoes; 3
	- Retail-Jewelry Stores; 1
	- Retail-Supermarkets; 1
Telecommunications	- Telecommunications-Telephone; 1
Textile	- Textile-Apparel Manufacturing; 1
	- Textile-Mill Products; 1
Transportation	- Transportation-Airports; 1
	- Transportation-Services; 1
	- Transportation-Ship; 1
Utility & Energy	- Utility & Energy-Gas; 1
	- Utility & Energy-Hydroelectric Power; 1

Table 2 - Number of deal per industry considering 2016 deal

The graph represents the correlation between industries and number of deals that have been completed within 01 January 2016 and the 31 December 2016. The number of deals is not distributed homogeneously across all the industries; Food and Beverage industry lead the chart with 10 deals (14% of all the deals) and represent the most target industry for foreign investors. Second place is taken by Machinery industry which accounts for 6 deals (8,5% of all the deals). Third industry per number of deal is Chemicals with 5 deals (7% of all the deals) (Computers & Electronics, Consumer Products, healthcare and Retail has the same number of deal). After these we find all the other industries which has registered a significant smaller number of deal and account all together for the rest 42 %.

2.3 Analysis of the industry in 2015

Industries	Sectors within that industry
Aerospace-Aircraft & Auto/Truck	- Auto/Truck-Manufacturers; 1
	- Auto/Truck-Parts & Equipment; 4

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Chemicals   - Chemicals-Specialty; 1

Computers & Electronics   - Computers & Electronics-Components; 1
                                       - Computers & Electronics-Semiconductors; 1

Construction/Bldg Prods   - Construction/Bldg Prods-Air Conditioning/Heat; 2
                                       - Construction/Bldg Prods-Maintenance; 1

Consumer Products   - Consumer Products-Footwear; 1
                                       - Consumer Products-Miscellaneous; 1
                                       - Consumer Products-Precious Metals/Jewelry; 1

Finance   - Finance-Miscellaneous; 2

Food & Beverage   - Food & Beverage-Confectionary; 1
                                       - Food & Beverage-Flour & Grain; 2
                                       - Food & Beverage-Sugar & Refining; 1
                                       - Food & Beverage-Wholesale Items; 1

Machinery   - Machinery-Electrical; 1
                                       - Machinery-Farm Equipment; 1
                                       - Machinery-General Industrial; 5

Metal & Steel   - Metal & Steel-Processing; 1
                                       - Metal & Steel-Products; 3

Professional Services   - Professional Services-Advertising/Marketing; 2
                                       - Professional Services-Miscellaneous; 1
                                       - Professional Services-Security/Protection; 1

Publishing   - Publishing-Diversified; 2

Retail   - Retail-Apparel/Shoes; 4

                                    - Retail-Home Furnishings; 1

                                    - Retail-Supermarkets; 1

Telecommunications   - Telecommunications-Radio/TV Broadcasting; 1

                                    - Telecommunications-Services; 1

                                    - Telecommunications-Wireless/Cellular; 1

Textile   - Textile-Apparel Manufacturing; 1

                                    - Textile-Home Furnishings; 1

                                    - Textile-Mill Products; 2

Transportation   - Transportation-Equipment & Leasing; 1

                                    - Transportation-Services; 1

                                    - Transportation-Ship; 1

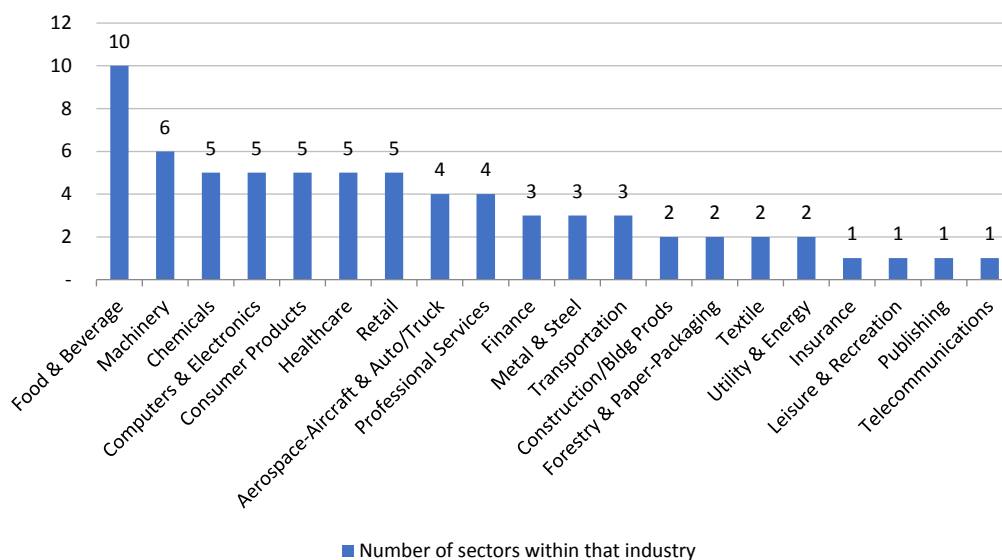■ Number of sectors within that industry
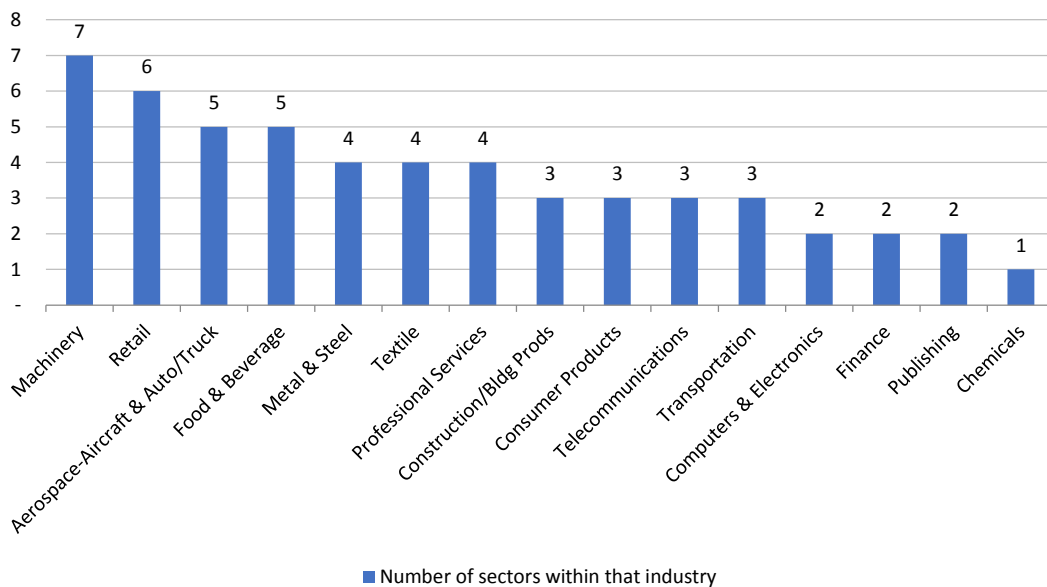
Table 3- Number of deal per industry considering 2015 deal

The graph represents the correlation between industries and number of deals that have been completed within 01 January 2015 and the 31 December 2015. The number of deals is not distributed homogeneously across all the industries; Machinery industry lead the chart with 7 deals (12% of all the deals) and represent the most target industry for foreign investors. Second place is taken by Retail industry which accounts for 6 deals (11% of all the deals). Third industry per number of deal is Aerospace-Aircraft & Auto/Truck with 5 deals (9% of all the deals). After these we find all the other industries which has registered a significant smaller number of deals.

2.1 Analysis of the industry in 2014

Industries	Sectors within that industry
Aerospace-Aircraft & Auto/Truck	- Aerospace-Aircraft; 2
	- Auto/Truck-Parts & Equipment; 3
Chemicals	- Chemicals-Diversified; 1
	- Chemicals-Plastic; 1
	- Chemicals-Specialty; 2
Computers & Electronics	- Computers & Electronics-Components; 1
	- Computers & Electronics-Miscellaneous; 1
Construction/Bldg Prods	- Construction/Bldg Prods-Air Conditioning/Heat; 1
Consumer Products	- Consumer Products-Footwear; 1
	- Consumer Products-Furniture; 1
	- Consumer Products-Miscellaneous; 1

	- Consumer Products-Rubber; 1
	- Consumer Products-Tobacco; 1
Defense-Contractors/Products & Services	- Defense-Contractors/Products & Services; 1
Dining & Lodging-Restaurants	- Dining & Lodging-Restaurants; 1
Food & Beverage	- Food & Beverage-Canned Foods; 1
	- Food & Beverage-Dairy Products; 2
	- Food & Beverage-Flour & Grain; 1
	- Food & Beverage-Miscellaneous; 1
Forestry & Paper-Packaging	- Forestry & Paper-Packaging; 1
Healthcare	- Healthcare-Drugs/Pharmaceuticals; 1
	- Healthcare-Hospitals/Clinics; 1
	- Healthcare-Instruments; 2
Insurance	- Insurance-Broker; 1
	- Insurance-Life; 1
	- Insurance-Multi-line; 1
Leisure & Recreation	- Leisure & Recreation-Services; 1
Machinery	- Machinery-General Industrial; 2
Metal & Steel	- Metal & Steel-Processing; 1
	- Metal & Steel-Products; 3
Professional Services	- Professional Services-Management Consulting; 1

|	- Professional Services-Printing; 1
Publishing	- Publishing-Books; 1
Retail	- Retail-Apparel/Shoes; 3
	- Retail-Miscellaneous; 3
Telecommunications	- Telecommunications-Radio/TV Broadcasting; 1
	- Telecommunications-Satellite; 1
	- Telecommunications-Services; 1
Textile	- Textile-Apparel Manufacturing; 1
	- Textile-Home Furnishings; 1
Transportation	- Transportation-Airports; 1
	- Transportation-Services; 1
	- Transportation-Ship; 1
Utility & Energy	- Utility & Energy-Diversified; 1
	- Utility & Energy-Waste Management; 2

Table 4- Number of deal per industry considering 2014 deal

The graph represents the correlation between industries and number of deals that have been completed within 01 January 2014 and the 31 December 2014. The number of deals is not distributed homogeneously across all the industries; Retail industry lead the chart with 6 deals (10% of all the deals) and represent the most target industry for foreign investors. Second place is taken by Aerospace-Aircraft & Auto/Truck industry which accounts for 5 deals (8% of all the deals). Third industry per number of deal is Consumer Product with 5 deals (8% of all the deals). After these we find all the other industries which has registered a significant smaller number of deals.

2.1 Analysis of the industry in 2013

Industries	Sectors within that industry
Aerospace-Aircraft & Auto/Truck	- Auto/Truck-Parts & Equipment; 1

Computers & Electronics	- Computers & Electronics-Components; 1
	- Computers & Electronics-Semiconductors; 1
Construction/Bldg Prods	- Construction/Bldg Prods-Miscellaneous; 1
Consumer Products	- Consumer Products-Cosmetics & Toiletries; 1
	- Consumer Products-Precious Metals/Jewelry; 1
Finance	- Finance-Commercial & Savings Banks; 1
Food & Beverage	- Food & Beverage-Alcoholic Beverages; 1
	- Food & Beverage-Confectionary; 1
	- Food & Beverage-Dairy Products; 1
	- Food & Beverage-Flour & Grain; 1
	- Food & Beverage-Non-Alcoholic Beverages; 1
	- Food & Beverage-Sugar & Refining; 1
	- Food & Beverage-Wholesale Items; 1
Forestry & Paper-Packaging	- Forestry & Paper-Packaging; 2
Healthcare	- Healthcare-Drugs/Pharmaceuticals; 1
	- Healthcare-Instruments; 2
Leisure & Recreation	- Leisure & Recreation-Gaming; 1
	- Leisure & Recreation-Services; 1
Machinery	- Machinery-General Industrial; 2
	- Machinery-Machine Tools; 1
Metal & Steel	- Metal & Steel-Processing; 2

- Metal & Steel-Products; 3

Professional Services

- Professional Services-Miscellaneous; 1

- Professional Services-Printing; 1

Real Estate/Property-Operations

- Real Estate/Property-Operations; 1

Retail

- Retail-Apparel/Shoes; 1

- Retail-Computers & Related; 1

Textile

- Textile-Apparel Manufacturing; 3

Transportation

- Transportation-Airlines; 2

- Transportation-General Logistics/Warehousing; 1
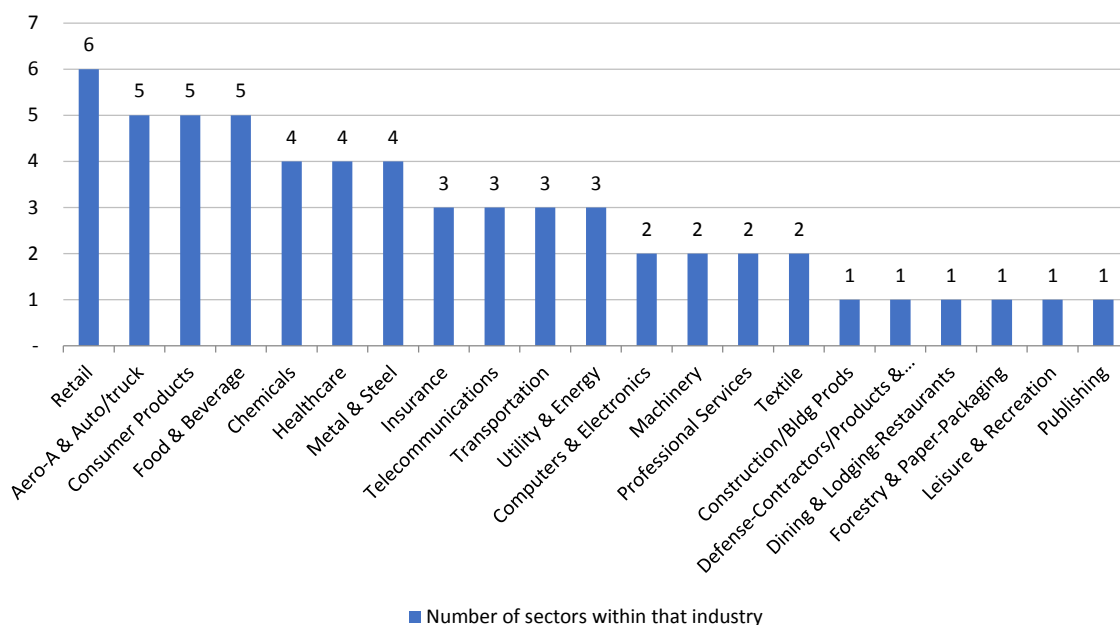
Utility & Energy

- Utility & Energy-Gas; 2
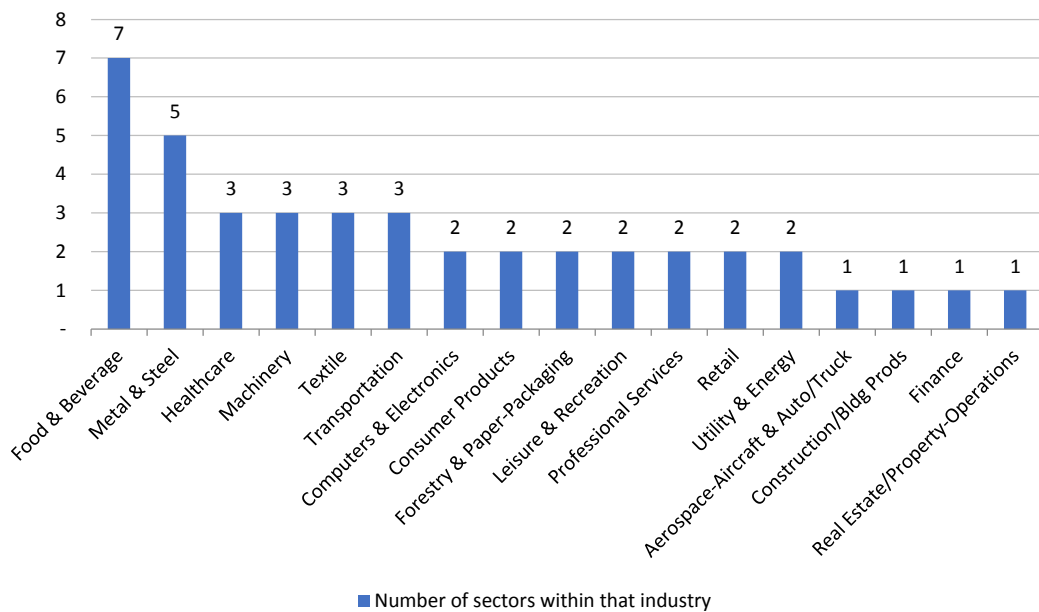
Table 5- Number of deal per industry considering 2013 deal

The graph represents the correlation between industries and number of deals that have been completed within 01 January 2013 and the 31 December 2013. The number of deals is not distributed homogeneously across all the industries; Food & Bervage lead the chart with 7deals (16% of all the deals) and represent the most target industry for foreign investors. Second place is taken by Metal & Steel industry which accounts for 5 deals (11% of all the deals). Third industry per number of deal is Healthcare with 3 deals (7% of all the deals). After these we find all the other industries which has registered a significant smaller number of deals.

It may be interesting to compare the investment that have been done in the different sectors and how did they vary across the years of analysis. The table 6 compares for each year and each industry the number of deals.
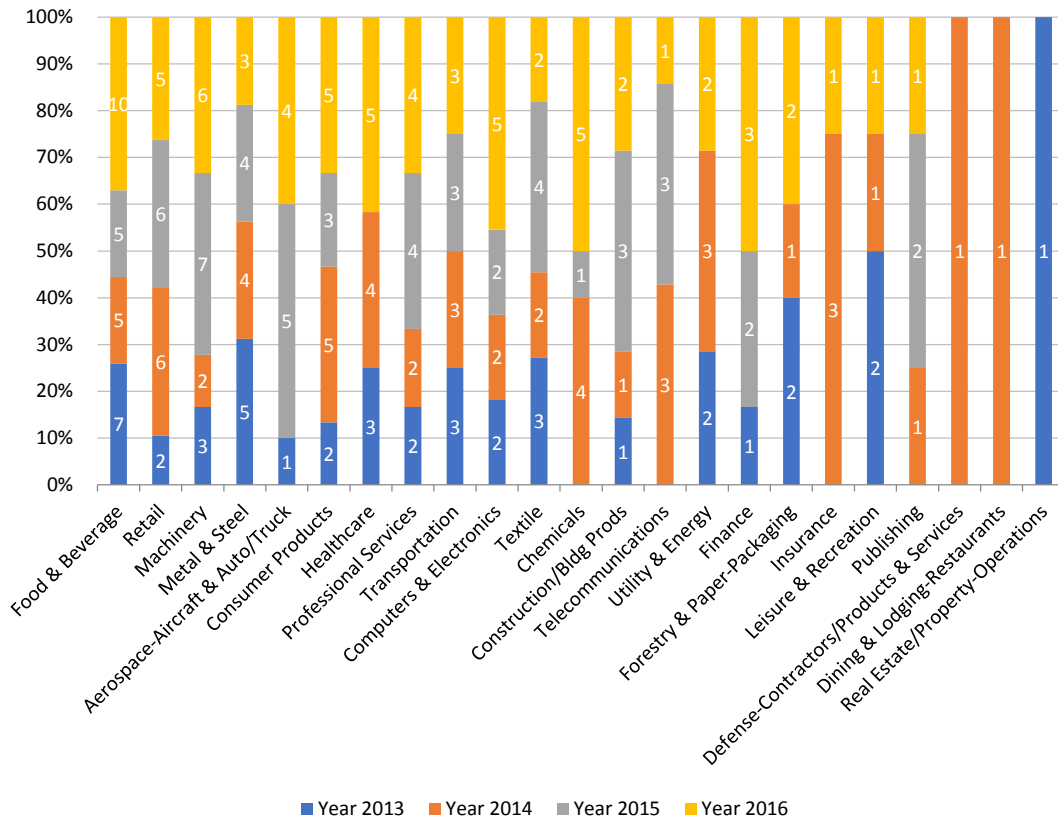
Table 6- Number of deals comparison per industry from 2013-2016

From the graph emerges that 2016 has been the year with the highest number of deal (70 deals). The second one is 2014 with 59 deals, and then 2015 and 2013 respectively with 54 and 42 deals each.

With these table is possible to compute which industry had received most investments in the last four years. Food & Beverage with a percentage of 12% is the industry with the highest number of deals, then there is the Retail industry with 8,4% and Machinery with 8,0%. Right after these three there are Metal & Steel (7,1%), Aerospace-Aircraft & Auto/Truck and Consumer Products (both with 6,7%). All the other industries have a percentage lower that 5,3%. (The percentage are referred to the number of deals within the industry between 2013-2016, in relation with the total number in the sample that is 225).

A further analysis might focus on the top three percentage industries and analyze which are the most appealing sectors which have attracted the higher investors. For

what concerns the Food & Beverage, the number of deal haven't been homogenous across the years; from 2015 to 2016 the number of deals double passing from 5 to 10, compare to the 7 deals in 2013 and 5 in 2014.

For what concerns Retail industry during the last three years the investments, expressed n number of deals, have been quite homogenous. At the end 2016 the number of deal completed was 6, one deal more compare to the year 2015-14 (2013 instead registered a number of 2 deals in this industry). Looking inside this industry, Retail-Apparel/Shoes sector registered 11 deals from 2013 to 2015 (60% of the Retail Industry deals). Analyzing the acquirers that have invested in Retail-Apparel/Shoes sector, most them are not European company. In particular, 5 deals involved an Asian acquirer, 4 a US acquirer and just 2 a UK acquirer. Other deals registered in this industry are spread equally within the other sectors.

For what concerns Machinery industry in the last two years the number of deals increased; 2016 and 2015 has respectively 6 and 7 deals, an substantially higher value compare to 2014 and 2013 where the number of deals registered were 2 and 3. In Machinery industry deals has been clustered in four sector-categories; the one who registered with large distance the higher number of deals is the Machinery-General Industrial with 13 deals. Within this specific sector is interesting to notice that 8 deal among 13 have been completed from US acquirers.

Section 3: Industry - value analysis

3.1 Introduction

A further analysis that we can assess is to understand types of deals have been performed within each industry and which sector within each industry has been more involved in the deals.

In order to perform this analysis there is the need into group the deals together. We decided to group the deal in a different way that we have previously done. If in the previous analysis the main scope was to deliver to the lector the information of what types of deals were exactly contained in the dataset and the correlation between the deal and the year, now the scope is to investigate more in deep the deal type and the company involved, trying to deliver to the lector information about a specific deal that has been extracted from the dataset for a specific notable reason. In order to perform this analysis we do not need to cluster the deal in 23 industries, but we can group these in 10.

After the cluster of the different industries, it is possible to analyze the deals and get information about:

- average deal value

- maximum and minimum deal value

- country which has performed most deal

- which is the sector that is involved in the highest number of deal

- year with the higher number of deal

- the deal sequence is fragmented or concentrated in one period

In the sequent industries analysis we will reported example of transaction that are relevant within the specific industry. In order to be consistent with the non-disclosure agreement the name of the companies involved, the precise deal value and the shares acquired will be changed into general terms.

3.2 Retail industry

The first industry that we are going to analyze is the Retail industry. This industry contains all the deals of the retail business in which are included different sectors; from the Apparel and Accessories NEC, Home furnishings to Men's/Woman's Clothing.

The total amount of deal contains in Retail industry is 19. Looking to the deals value, the highest deal value is 390 m€ and the minimum one is 85 m€. The average value considering all the deals is 241.12 m€.
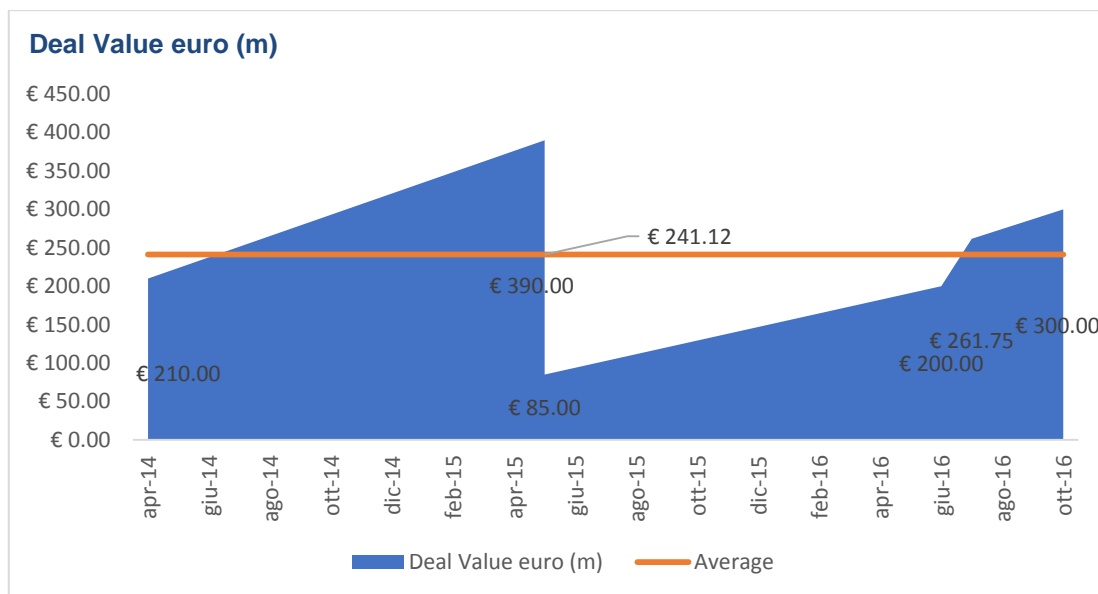
Table 7- Cumulative deal value in Retail industry

The upside graph shows the cumulative value of the deals across the period of interest considered into the analysis. From the graph we can observe the investment as been mostly high and constant across the time, except for one case that is the 85 m€ deal and the 390 m€ deal. Excluding these two deals the other transactions considered have not a really different value. Let's now consider what happened in these two cases. For what concern the first deal, this has been completed in may 2015 and represents the acquisition 90% of CompanyA. This company is a Italian based firm which is well established into the Luxury business of Luxury Goods,

Accessories and Apparel manufacturer and retailer focused in women's and men's clothing, accessories and perfumes. It has been acquired by a group composed of three companies which are part of a private equity which are based respectively in Italy, Hong Kong and UK.

For what concern the almost 90m€ deal this is related to the transaction of a CompanyB which is operating in the Retail Supermarket sector and which business is related to the food distribution. The company has been acquired by an US CompanyC based in the Food & Beverage-Miscellaneous sectors that manufactures and sells seasonings, flavorings and other specialty food products.

It's interesting also to consider which have been the country that, considering the Retail industry, have done the highest investment. If we consider the top 3 of the countries:

- United States   6 deal
- United Kingdom   3 deal
- Netherlands   2 deal

US has performed 30% of the deals. Looking more in deep into these 6 deals performed by US investors is possible to understand which sectors attract them. From the database is clear the US investors have invested principally into two sectors: the Retail Supermarket/Mischellanus (both the sectors with reference to the Retail Food Business) with 3 deals and the Retail Apparel/Shoes. For what concern the first sector they have bought three companies (A, B and a C one about we have not talked about it). Instead for what concern the Retail Apparel/Shoes sector US investors has bought other three companies (D,E and F).

Another analysis that can be made considering the Retail Industries is consider which have been the sectors that are involved most per number of deal. Looking at the database is possible to understand that foreign investors has been attracted mostly by the Women's Clothing Stores (5621 Target Primary SIC) and Men's & Boy's clothing stores (5611 Target Primary SIC) which count together clustered 8 deals. Foreign investors have been attracted by the fashion industry but in particular by the Luxury Italian Brand. The companies that have been acquired are positioned

in the Luxury market; we are talking about big players of the luxury fashion industry, which brand are worldwide recognized. Within these 8 deals the three deals involving industry top players are:

- CompanyG, a leader in feathers jacket, has been acquired by CompanyH, a government fund based in Singapore.
- CompanyI, a leader in Italian high fashion industry, has been acquired by a private equity fund based in US.
- CompanyH (look previous paragraph).

Focusing now on a more general statistic, we can analyze the status of the target company in the Retail Industries. Analyzing the database is possible to see that 94% of the companies has a Private (not listed) Target Public Status. Just in one case, the target public status was Public (Moncler spa).

Another interesting statistic that can be extracted from the database is about the Deal Technique. With specific reference to the Retail industry 32% of the deal have been made with a private negotiation. (ho provato a trovare un legame tra questi 6, del perchè solo questi fossero stati fatti con una private negotiation ma non l'ho trovato)

The last analysis that can be made regarding the Retail Industries is to observe the linear trend of the deals.
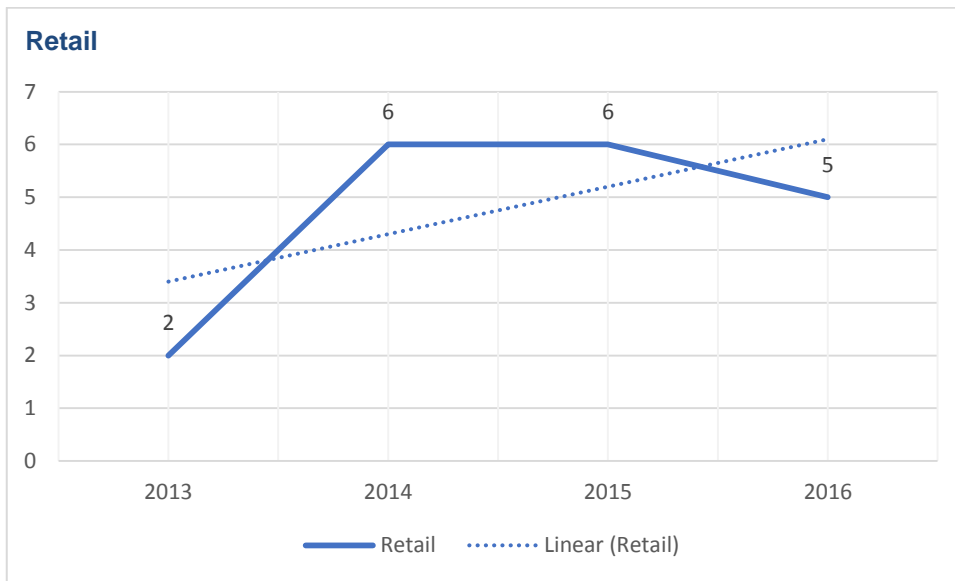
Graph 1 -Retail industry deals trend

As is possible to see in the upside graph the number of deals in the retail sector have not been consistent in time (considering the information available in our horizon of analysis that goes form 2013 to 2016). The graph show positive trend of growth from 2013 to 2015 and a small decrease from 2015 to 2016. In particular a big jump is present from 2013 to 2014 where the number of deal increase from two to six.

3.3 Consumers product

The second industry that we are going to analyze is the Consumer Industry. This industry contains all the sectors related to consumer products. Within this industries are included companies that operates in product furniture, miscellaneous, precious metal/jewelry, footwear, household appliances, tobacco, rubber, glass, cosmetics & toiletries.

The total amount of deal clustered in Consumer product industry is 15. The maximum deal value of this industry is 500 m€ and the minimum is 60 m€. The average value of the deal is 254.13 m€.
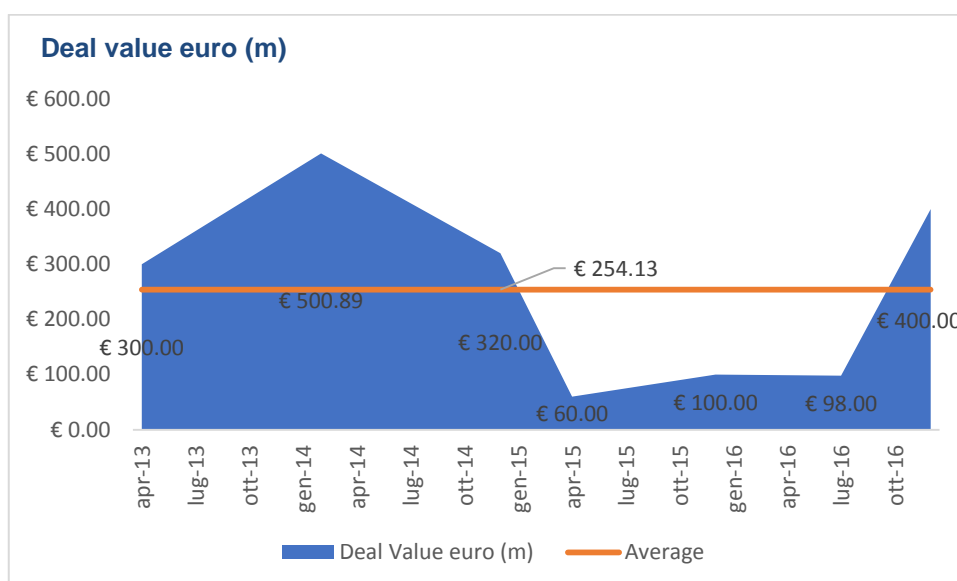
Table 8 - Cumulative deal value in Consumers product industry

The upside graph shows the cumulative investment that the consumer product industry has received from foreign investors across the four years of analysis (represented by the orange area). As we can see from the graph the investments have not been constant in time in terms of value. The interval of time that goes from April 2013 to December 2014 is characterized by high value investment instead the period that goes form February 2015 to August 2016 by low value investment. In the last period value increased because there is the presence of an high value investment of 400m€.

Looking to the single value contribution present in the graph, there are two values that are considerably higher of the other; the first value is the almost €500m investment and the second almost €400minvestment. The first one is related to the acquisition of an Italian company which operates in the Luxury furniture manufacturing, which has been acquired by US company which operates in the office furniture business. The second value is related to the acquisition of an Italian company which operates in the Manufacturing and retailing of indoor and outdoor storage furniture. CompanyA, based in Israel and which operates in the same business sector, has acquired the company.

A further statistic that we can compute is to analyze which are the country that have done the highest number of deals in this industry. Looking at the database we can

easily see that German and US has performed the majority of the investments within the Consumer Product (almost the half).

Considering the US investment, we can observe synergies to what we have just seen in the Retail industry. Has we already seen in the previous paragraph talking about the investment value, the most valuable deal is related to the acquisition of the Italian luxury furniture manufacturing company. These investments confirmed what we have seen before in the Retail industry; US investor attract by the Italian market and in particular by the Luxury market. There is also another deal that confirmed the that we have just seen and is the one involving the Italian company which is operating in the manufacturing of Footwear shoes, that has been acquired by a private equity firm based in US. In particular, we can connect these investments (the one realized in the Consumer product and Retail product) as a clear interest of US investors for Italian Excellency; we consider excellency company that serve a specific market segment (as the luxury) with a premium quality product recognized worldwide.

Moving forward to another analysis, it can be interesting to understand which has been the sector inside Consumer product industry that has been involved in most deal. For what concern this statistic there is not a clear dominance of one of the sector; there is just one sector that has been involved in 3 deals, four sectors in 2 deals and the rest in one deal. By the way an interesting element emerges; the sector which has registered 3 deals is the Consumer Products Furniture. This time we can not talk of synergies with the Retail industry, but just point out the fact that these sectors have attracted foreign investors in the Italian market. A part the Italian luxury furniture manufacturing company deal, that has been already previously discussed, we can list also the other two cases that involve two Italian companies operating in the 2519 - Household furniture, NEC (according to the Target Primary SIC).

Focusing on a more general things is possible to analyze which is the deal technique that has been used mostly in this industry and from the database we observe that Divestment has been used in 6 deals (40%). For what concerns the target public status of the companies that has been sold and which are part of the Consumer

Product industry, we observe that the all the companies were Private (not listed) except one that was Public (Italian luxury furniture manufacturing company).

The last analysis that can be made about the Consumer Product industry is to observe the linear trend of the deals.
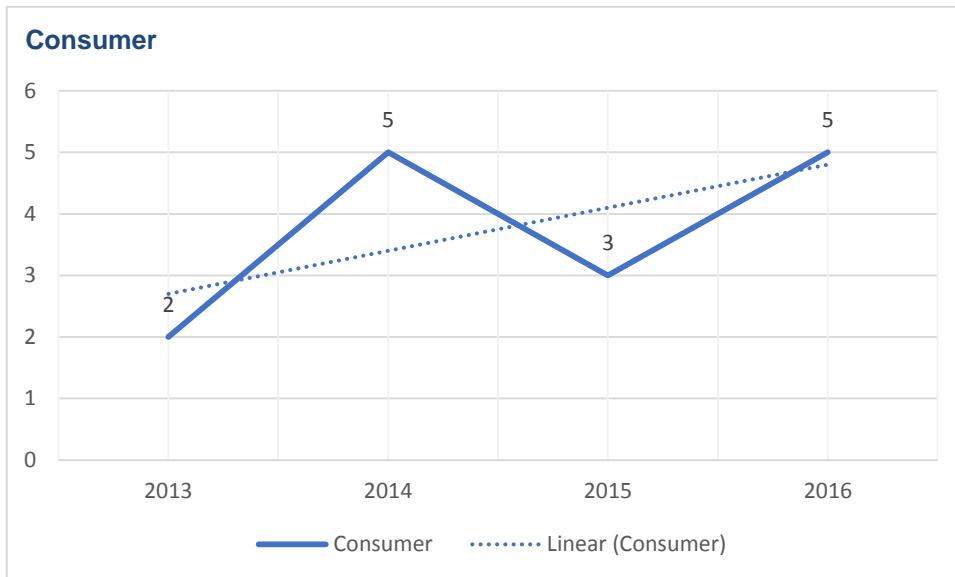
Graph 2- Consumer product deal trend

As we can see from the upside graph there has not been a consistent number of deals in time in this industry. The linear trend is growing in from 2013 to 2014 and from 2015 to 2016, where the number of deals has growth from two to five and from three to six.

3.4 Food & Beverage

The next industries that can be considered into analysis is the food industry. In this industry are clustered together all the deals that involve company operating in the sectors: Flour & Grain, Miscellaneous, Dairy Products, Sugar & Refining, Alcoholic Beverages, Wholesale Items, Confectionary, Canned Foods, Non-Alcoholic Beverages, Beer.

Considering all the 27 deals that have been considered into this industries, the deal with the highest value is 2,550 m€ and the deal with the minimum value 13 m€. The average deal value is 363.92 m€.
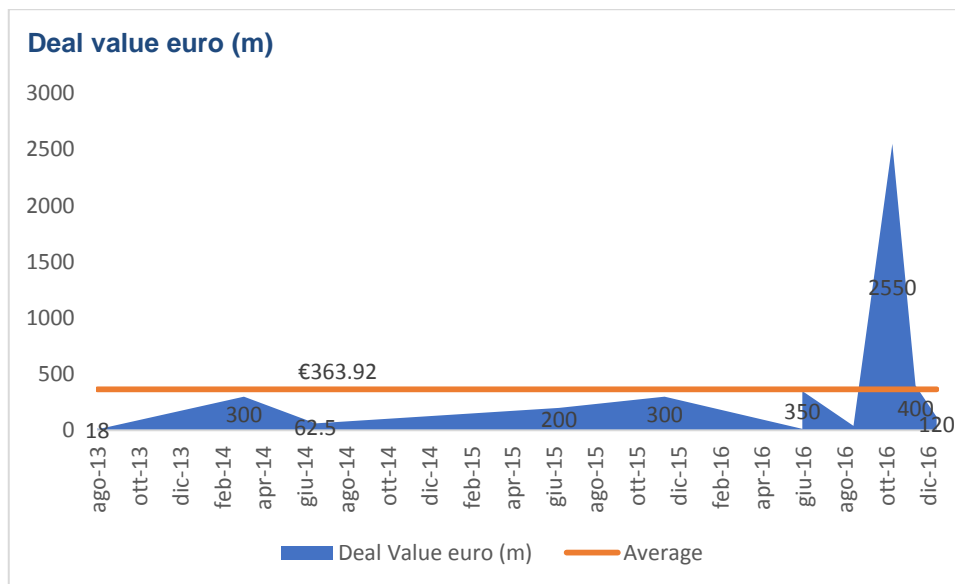
Table 9 - Comulative deal value in Food industry

The upside graph show the cumulative investment that Food & Beverage industry has received from foreign investor from 2013 to 2016. Having a look to the graph there is a deal that stands out from the other. The almost €2.5 billion investment is for value incomparable with the other 26 deals. This deal that has been completed in October-2016 and is referred to the acquisition several beer companies by CompanyA which is one of the world leader in beer distribution. The acquirer company is a multinational company based in Japan and operating in worldwide. The holding company operates in the production of beer and other alcoholic drinks. The deal is related to the acquisition of the Italian, Dutch and British business and

other related assets of CompanyB. Without considering this deal, that significantly influence the average the new value would be 165.2 m€ (the half of the real average). The investment is not consistent in time and it varies from minimum of almost 10 m€ values to 400 a maximum of 400 m€. The minimum investment is connect to the completion of the acquisition of an Italian rise producing company, by a Spanish company. Inside the database there is a second precedent deal regarding these two companies; an almost 20 m€ deal completed years ago for the 25%. The same Spanish company has completed also the acquisition of an Italian manufacturing company of pasta. With this acquisition is confirmed the interest of Spanish investors for the Food & Beverage industry and more in detail we can say for the Flour & Grain sector were they have completed three acquisition from 2013 to 2016. Looking at these from a country perspective, this insert Spain in the top 3 country that has invested in this industry. Remaining instead on a sector view, Flour & Grain sector is the sector that has registered the highest number of investments within the Food & Beverage industry (5 deals); three investments made by Spanish investors and the other two respectively made by French and Belgium one.

A further statistic that can be done is about the top investor countries. Looking at the database, there are three countries that have realized half of the investment:

- France   5 deal
- United Kingdom   5 deal
- Spain   4 deal

Considering the French investments, two deals involve the same company: CompanyC (2061 - Raw cane sugar, acquirer primary SIC) is a Manufacturer of sugar, alcohol and ethanol fuels. CompanyC has completed the acquisition of companies operating in the Food & Beverage-Sugar & Refining sector. The companies that have been bought are: CompanyD (51%), sugar distributor, completed in 2016 and CompanyE (Stake%), a Cane sugar refinery firm, completed in 2015.

Considering instead the UK investment there are some interesting aspects that should be pointed out of the context. In this set of deals, we have a clear example

of private equity activity. Considering the company CompanyF, an Italian Manufacturer and marketer of ingredients for gelato, pastry and other foods. This company has been acquired by a merge of two private equity funds, respectively from US and the second from UK, in couple of years ago when the revenues of the company were around 77 m€. The same company has been sold by the funds to another UK Private Equity player, for a value around 400m€ (target revenues around 100 m€). Another interesting fact that emerge in this Industries when we considerate the UK investors is about CompanyG, Italian Seafood producer. CompanyG has bought in 2013 CompanyH, an Italian cheese manufacturer. In 2014 CompanyG has been sold to a private equity fund with an high value deal.

Focusing on a more general statistic as the deal technique, from the database emerge that 60% of the deals have been made using a divestment or privately negotiation. Considering instead the target public status, all the deals made in this industry involve Private company (not listed).

The last analysis that can be made is observing the linear trend of the deals number.
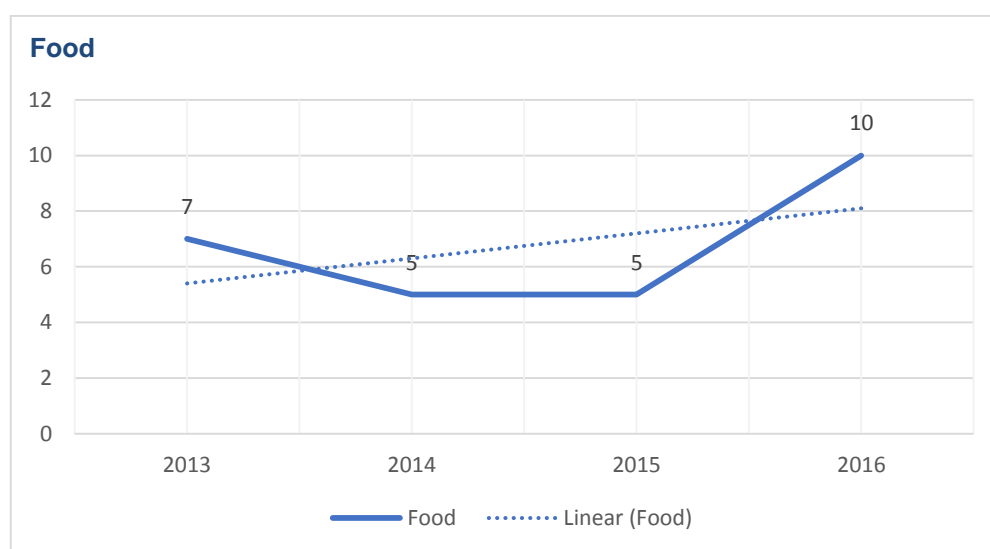
Graph 3 - Food indutry deals trend

As we can see from the upside graph the deal number is not consistent in time except for the 2014 and 2015 were the number of deal is five. The trend decreased between 2014 and 2015 from seven to five and it doubled between 2015 and 2016.

3. 5 Transportation

The industries under analysis is the transportation industry that cluster together all the deals related to transportation sector: Transportation-Services, Transportation-Ship, Transportation-Airports, Transportation-Airlines, Transportation-General Logistics/Warehousing and Transportation-Equipment & Leasing.

The number of deals in this industry is 12. The maximum value registered is 953 m€ and the minimum value is 6.44 m€. The average deal value is 185.94 m€.
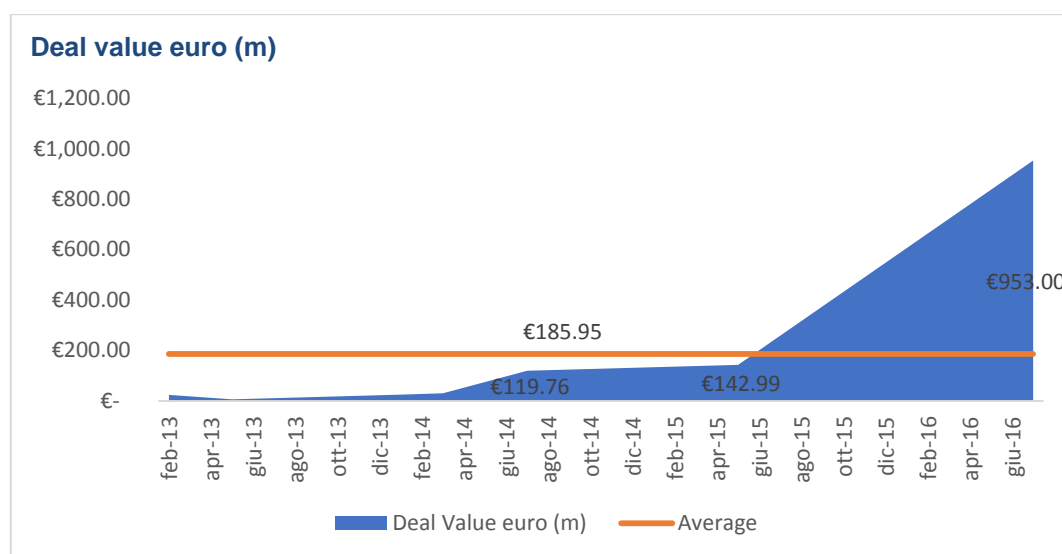

Table 10 - Cumulative deal value in Trasportation industry

As we can see from the upside graph the investments across the year was not constant. In particular, it's easy to see that since the early 2013 until June 2015 the amount of investment was limited. On the other side, in the 2016 area of the graph we find a cumulative investment that is more than five times bigger the average. This big orange area is due to the almost 1 billion € deal completed in 2016 which involved the acquisition of a Rail transportation firm managing railway stations, by a French Private Equity firm specializing in infrastructure investments.

Moving our point of view towards the country, an interesting aspect that we can point out of this industry is that 58% of the capital invested comes from not European investors. Transportation Industry is the first case that we find in which the majority of the investments comes from no-EU countries. In this case the investors are from all over the world; Argentina, China, Arab Emirates, South

Africa, United States and Japan, but none of them has performed an high value investment as the rail company in this industry.

For what concern the country that has complete more deal we can say that from these industry there is no country that stands out from the others. At the same time, we can say that there is no sectors that stands out from the others in terms of number of deal.

Focusing now on the general statistic as the deal technique, we can say that the majority of the deals (50%) have been made using divestment. We can also say that 75% of the companies acquired were Private (not listed) company.

The last analysis thing that we can observe from the Transportation industry is that the linear trend regarding the deal number is constant in time. Each year, from 2013 to 2016, the number of deal registered in this industry has been equal to three.

3.6 Manufacturing

Under this category, we classified all the sectors related to the manufacturing industry and has been also included stand-alone sector. Even if is related to the manufacturing industry, we decide to keep the Machineries sector separated and analyze it further on because the high number of deals related to this sector. Within this category there are a multiplicity of sectors that we will not list below as previously done (in case of interest to a specific target we recommend to access the database to get the desired information).
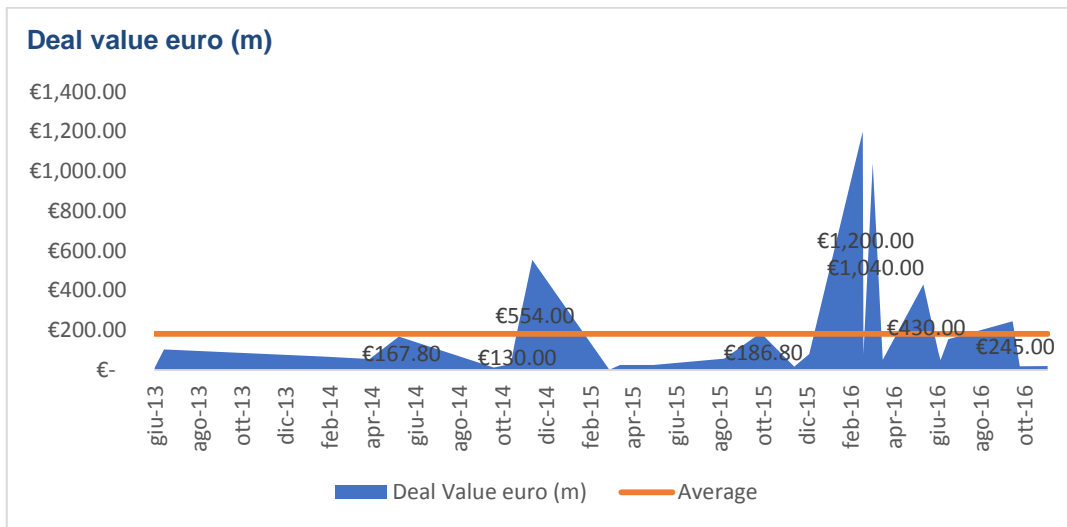
Deal value euro (m)

€1,400.00
€1,200.00
€1,000.00
€800.00
€600.00
€400.00
€200.00
€-

€554.00
€1,200.00
€1,040.00
€430.00
€167.80
€130.00
€186.80
€245.00

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■ Deal Value euro (m) ── Average

Table 11 - Cumulative deal value in Manufacturing industry

As we can see from the upside graph, the distribution of value across time in the Manufacturing industry is subject to several peak value due to the presence of deal trade to a value that is much higher than the average. Just to give some general information and to have an overview to the industry we can say that this cluster is composed by 95 deals. The maximum deal value for this industry is € 1200 million (October 2014), and the minimum value is € 11.91 million. The average deal value is € 181.398 million.

Can be interesting to understand which are the responsible that affect a lot the average deal value for the industry. There are two deals which value overcome 1 billion of euro and we can impute to them the change of the average deal value. Without considering these two deals the average changes to € 108 million (€ 72 million difference).

The first deal is related to the acquisition of an Italian based company that operates is the Computers & Electronics-Software sector. Target company is the designer of a management software for small and medium businesses and a provider of software training services. The deal started in late 2015 and has been conclude with the acquisition of the company in 2016 for a value higher than 1 billion€ by the a US base Private Equity.

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The second deal involves the acquisition CompanyA of an Italian company that operates in the Auto/Truck-Parts & Equipment as distributor of automotive spare parts. The deal started in late 2015 and has been conclude in 2016. Target company has been acquired for almost a billion euro by a US based company that operates in the same sector of the target.

Moving from dal value, can be interesting to analyze which have been the country that have invested more in this industry and if top investor country diversified their investment or concentrated it on a specific sector. If we consider the top three investor per number of deal, the countries that have performed most deals within this industry are US with 22 deals (27%), Germany with 10 deals (11%) and UK with 8 deals (10%). Considering US investments and looking to the information contains in the database it's clear that the investment has been directed towards specific target sectors. In particular 54% of US capital within Manufacturing industry has been addressed towards two specific sectors: Auto/Truck-Parts & Equipment and Metal & Steel-Products. For what concern the first sector, US investors have acquired four company for a total value of € 1285 million (just two deals have data available about the value). As we have seen before, one of these deals is related to the acquisition of CompanyA. The other three deals are referred to the acquisition of:

CompanyB an Italian manufacturer of garage equipment by CompanyC.

CompanyD, an italian tires manufacturer by CompanyE

CompanyF (Remaining%), an Italian transmission systems and gearboxes manufacturer by CompanyG.

For what concern the Metal & Steel-Products sector, US investors have performed four deals:

Compoany1 (70%), an Italian Manufacturer of valves, pipe fittings and structural clay products, by a US firm.

Company2 (Majority%), an Italian manufacturer of elevators and elevator part, by a US fund.

Company3, an Italian Manufacturer of steel forgings, by Company4.

Company5, an Italian Valves and pipe fitting manufacturing company, by Company6.

We can not say the same for UK and Germany, were the invested capital has not been concentrated in specific sectors but has been diversified.

We can compute the same analysis moving from a country perspective to a sector perspective. Shifting to the sector point of view, we find from the dataset that the sector which in general term have registered the highest number of deal are Auto/Truck-Parts & Equipment and Metal & Steel-Products. Together these sectors account for 35% of the total deal (they registered 12 deals each). We find also a confirm of what we have just seen; if we look more in deep inside the two sectors the business most targeted by the foreign capital are the Motor vehicle parts and accessories with 6 deals (3714 Target primary SIC) and Valves and pipe fitting with 4 deals (3494 Target primary SIC).

Focusing now on the general statistic as the deal technique, we can say that the majority of the deals have been made using divestment (23 deals) or privately negotiated (23 deals). We can also say that 95% of the companies acquired were Private (not listed) company.

The last analysis thing that we can observe from the Manufacturing industry is about the distribution of the deals across the time of analysis.
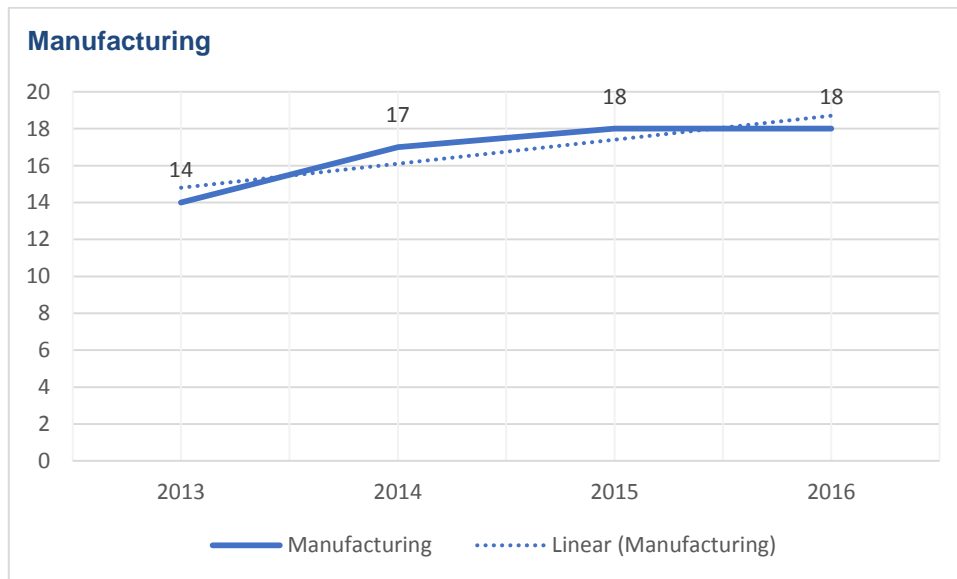
Graph 4 - Manufacturing industry deals trend

As we can see from the graph the trend of the number of deal for the Manufacturing industry tend to increase. In particular, we can say that except from 2015 to 2016, where we have a stable trend, there is always we a positive trend of growth. From 2013 to 2014 we have an increase of 21% and from 2014 to 2015 we have an increase of 6%.

3.7 Chemicals

Within this industry we have clustered the deals that are related to the chemical industry and to the sectors: Plastics, Fertilizers, Specialty. There are no relevant information in the database about the deal value within this industry. What is interesting to notice is that companies that are not part of the European Union have performed the majority of the deals. United States companies has completed 7 deals and there is also an acquisition by a Japanese company. Within the three sector that we have named before, Chemical Specialty have registered 4 deals. Within this sector we find two transaction related to the Agricultural Chemical Business:

The first one is the acquisition of CompanyA, an Italian Holding company for agricultural chemicals and seeds sales companies, which has been acquired by a Japanese company which operates in the general trading company (trades in machinery, metals, non-ferrous metals, chemicals and petroleum products, value-added services and business investments).

The second one is the acquisition of CompanyB, an Italian Holding company which manufactures pesticides, fungicides and other agricultural chemicals. The company has been acquired by the US firm which operates in the supplies crop protection products and services for specialty agriculture

3.8 Healthcare

Within this industry we cluster all the deals related to: Healthcare − Hospitals/Clinics, Healthcare − Drugs/Pharmaceutical, Healthcare − Instruments. Related to this industry have been completed 12 deals.
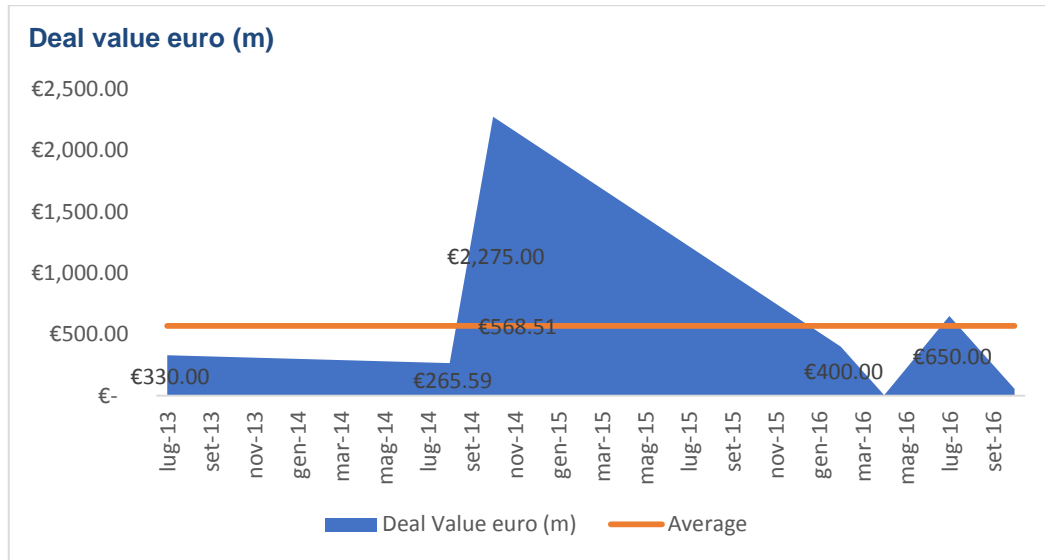

Table 12 - Cumulative deal value Healthcare industry

From the above graph is possible to see the value distribution across the year of analysis. The maximum deal value registered from 2013 to 2016 is € 2275 million, the minimum is € 3.99 million and the average is € 568.51 million. As we can see, there is an higher value contribution in the middle of the graph; this capital is referred to the deal happened in October 2014. This is referred to the acquisition of CompanyA, an Italian company that operates in the Healthcare-Drugs/Pharmaceuticals sector and research, develop, manufacture and distribute healthcare products. The deal started in middle 2014 and has been successfully concluded in the end of the same year; the company has been acquired for a value higher than 2 billion€ by a Sweden pharmaceutical company. This deal is the second most valued one that we have taken in consideration in the sample after the one operated by the Japanese beer distributor.

A part from this billionaire deal, there are no other deal that stand out from the others in terms of value. Even if this industry has registered a limit amount of deal

compare to the others it has attracted a huge capital and in particular from US investors. If we shift to a country perspective, US investor has performed half of the deals in this industry (considering one deal in collaboration with a Switzerland company).

An interesting aspect of this industry is that it contains the only deal which involve an Indian company. The deal is related to the acquisition of an Italian X-ray tube manufacturer, which has been acquired by Company1 in July 2014.

3.9 Machinery

As anticipated in the manufacturing industry paragraph, we decided to keep the machinery industry separated from the manufacturing one because it has a sufficient number of deals to consider it a stand-alone industry. The sectors that are part of this cluster are: Machinery-Electrical, Machinery-Farm Equipment, Machinery-General industrial and Machinery-Machine tools.
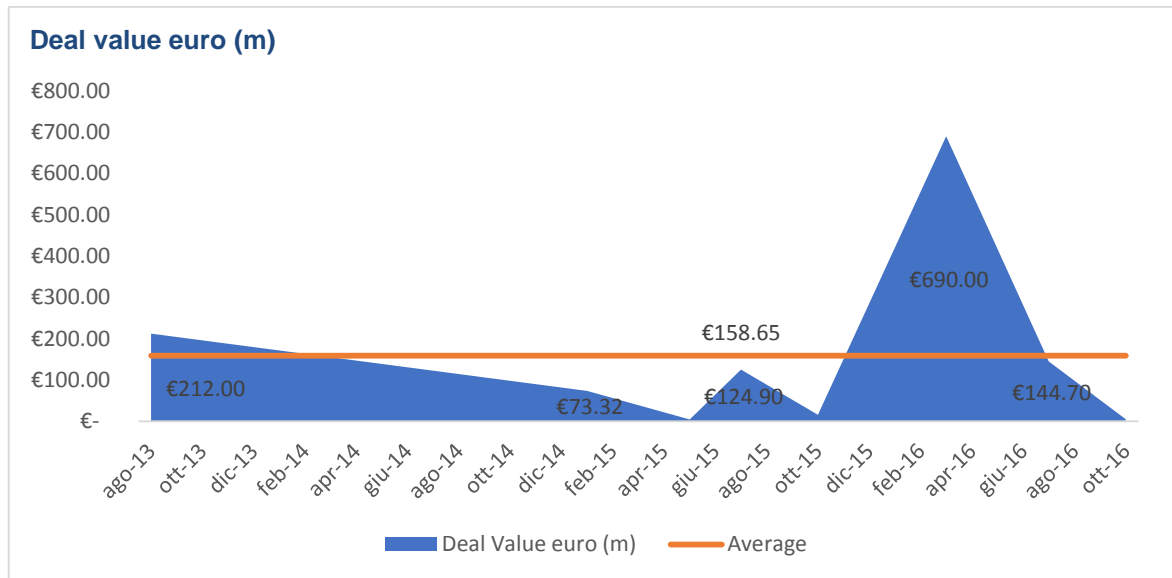

Table 13 - Cumulative deal value Machinery industry

Within this industry are clustered 18 deals. The cumulative value invested in this sector across the four year of analysis is € 1269.27 million but as we can see from

the upside graph, there is a peak of value related to a single deal that is almost half of the total value invested. From a general perspective, we can say that the maximum deal value registered is € 690 million and the minimum one is €4.147 million with an average industry value of € 158.65 million.

It is interesting to investigate what the big deal that create peak of value in the graph is about. The deal is related to the acquisition of CompanyA, an Italian vending machine manufacturer (3581 - Automatic vending machines, Target primary SIC), that has been acquired in middle 2016 by the US Private Equity fund for more than half million euro. Moving forward to a sector perspective, there is a clear unbalance among the sector where foreign capital have been invested. Machinery general industrial has received 72% (13 deals) of total investment of the industry, capital that are coming mostly from US investors (61% of the deals).

Moving to a country perspective, we can say that US investors have been strongly attracted across these four years by the General Industrial sector, and they concentrate the totality of their investment in this sector (€ 1264 million). Except US investors, there are no other countries that have shown a clear interest for this industry and that have completed several acquisition of Italian companies operating in the industry.

Focusing now on the general statistic as the deal technique, we can say that the majority of the deals (44%) have been made using privately negotiation. We can also say that 83% of the companies acquired were Private (not listed) company.

A further analysis that we can make is analyze the trend of growth of the number of deals across the year of analysis.
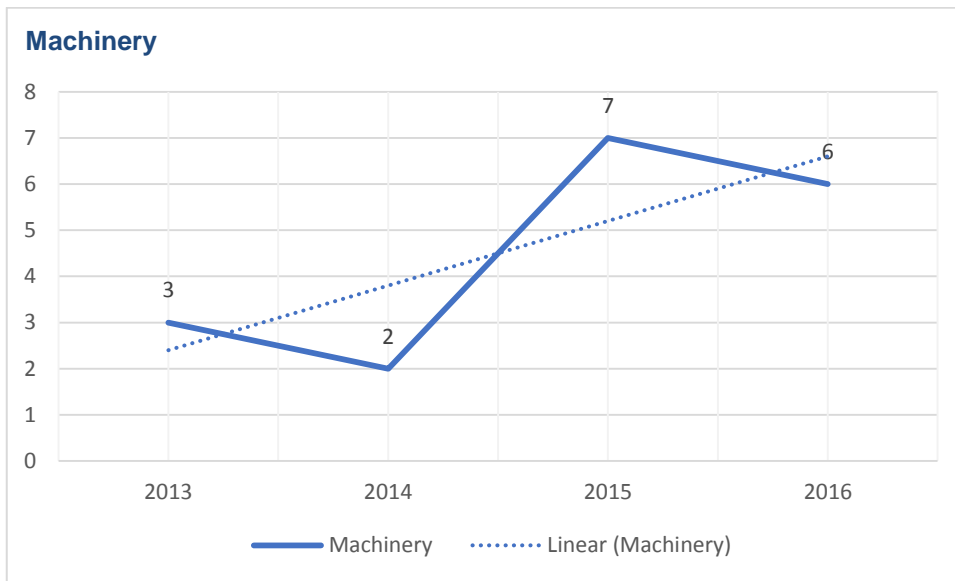
Machinery

Graph 5 - Machinery industry deals trend

As we can see from the graph from 2013 to 2016 there is not a stable trend of investment in the Machinery industry. In particular we can observe in the last two years a trend of grow compare to the past year, where the number of deals has grown from 3 to 6 from 2013 to 2016 with a maximum peak value of 7 in 2015 and a minimum of 2 deals in 2014.

3.10 Service industry

Another industry that we can consider in the analysis is the service industry. Are part of this industry: Leisure & recreation services, Professional Services (PS) advertising marketing, PS management consulting, PS miscellaneous, PS personnel, PS printing, PS Security/protection and PS travel agencies, Publishing, Telecommunications and Utility.
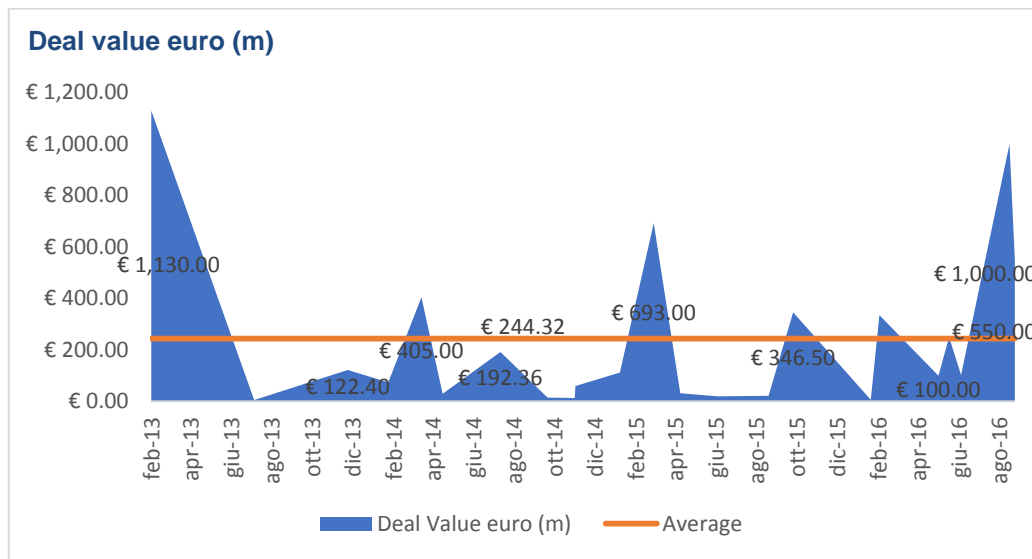

Table 14 - Cumulative deal value in Service industry

The number of deal contained in service industry is 15. The maximum deal value registered is € 1130 million, the minimum one is € 5.624 and the average deal value is € 244.32 million. As we can see from the graph there is a big peak at the beginning of 2013, and another big peak at the end of the period. Without considering these peak deals, we can observe from the graph that there is an homogeneity of the investment across the years. It is now interesting to investigate which are the investment that create the peak in the graph. For what concern the first (the one completed in February 2013), this is related to the acquisition of an Italian company active in the provision of professional information to the business world. The company was acquired by a the UK based private equity for more than 1 billion euro. The second one is related to the acquisition of an Italian operator of

slot machines, online casinos, lottery and betting games. A UK Private Equity fund for almost 1 billion euro in 2016, has acquired the company.

Within this industry there are also two deals related to the professional football services sector. We are referring to the acquisition of two Italian football club which participate to the Italian first division:

CompanyA, which has won recently the Italian first division, acquired by CompanyB which is an investment firm based in UK for almost 20€m.

CompanyC, which has been acquired by CompanyD, base in US for a couple of million.

Within the Service industry we clustered also the Utility and Energy deals and the Telecommunication deals. For what concern the deals related to these categories, there are not relevant aspects that emerge as we have seen in the previous cases such a country that performed more a considerable higher number of deal compare to the others or a deal which value is substantially higher compare to the others transaction. By the way within this group of deals there are transactions that involve countries that have not seen before. There is a transaction involving an Australian global investing company that has completed the acquisition of an Italian based company which operates in Renewable Hydroelectric Energy. The transaction took place in early 2016 and the deal value is around 300€m. Another country that have performed a deal in this industry and that we have not met before is Portugal. In this case we are referred to the Telecommunications industry and to the acquisition of an Italian Investment company with interests in radio broadcasting companies, which has been acquired by Company1 which is an investment group based in Portugal. The deal has been completed in late 2015 with a deal value around € 20 million. Remaining in this industry, another deal has been performed by Russian federation; we are referring to the acquisition of an Italian mobility telematics services provider, which has been acquired by CompanyC in middle 2014 with a deal value around 500€m. Moreover, another interesting statistics is that half of the deals involve private equity funds, which seems to be attracted by the opportunity of diversifying their investment in the Utility & Energy and Telecommunications industry.

For what concern this industry, there is not a clear evidence of a sector that has been more targeted for investment, but in terms on number of deal the panorama is homogenous (not in term deal value, where there are two billionaire deals). For what concern the country perspective instead, UK and France have performed 41% of the deals.

Considering a more general statistic we can observe from the database that 85% of the deals involve private (not listed) company and that the most used deal technique is divestment (47%).

The last analysis that we can performed is to consider the linear trend related to the number of deals
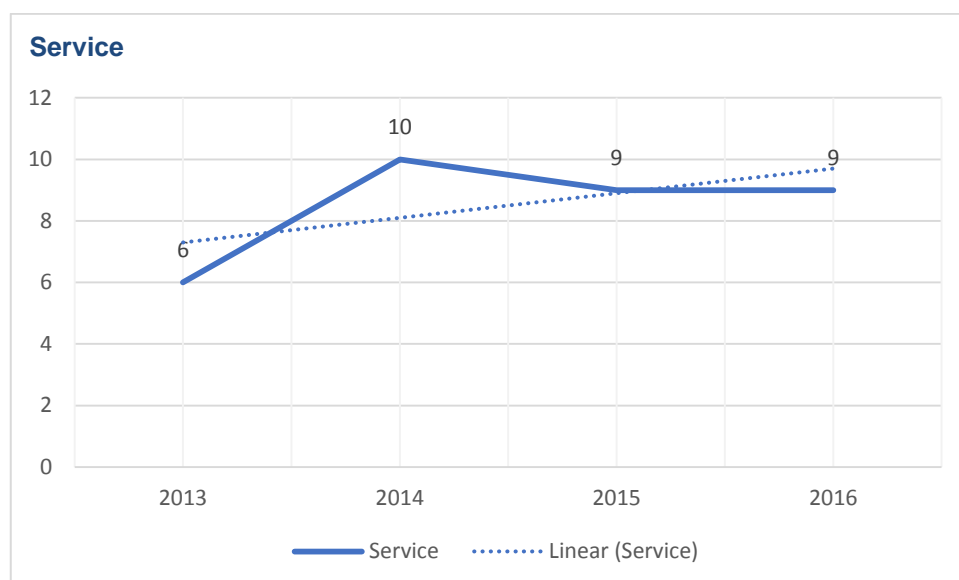
Graph 6 - Service industry deals trend

Considering the number of deals we can observe from the upside graph that the number of deal has been consistent in time from 2013 to 2016. It increase of 67% from 2013 to 2014. After the number of deal decrease of 10% from 2014 to 2015 and remain constant for 2016.

3.11 Finance

Another industry that is interesting to study is the Finance industry. We clustered in this industry the deals that are related to Finance-Miscellaneous, Finance-Investment management, Finance-Investment banks, Finance- Commercial and saving banks, Insurance-Multi-line, Insurance-Brokers and Insurance-Life, Real Estate/Property-Operations.
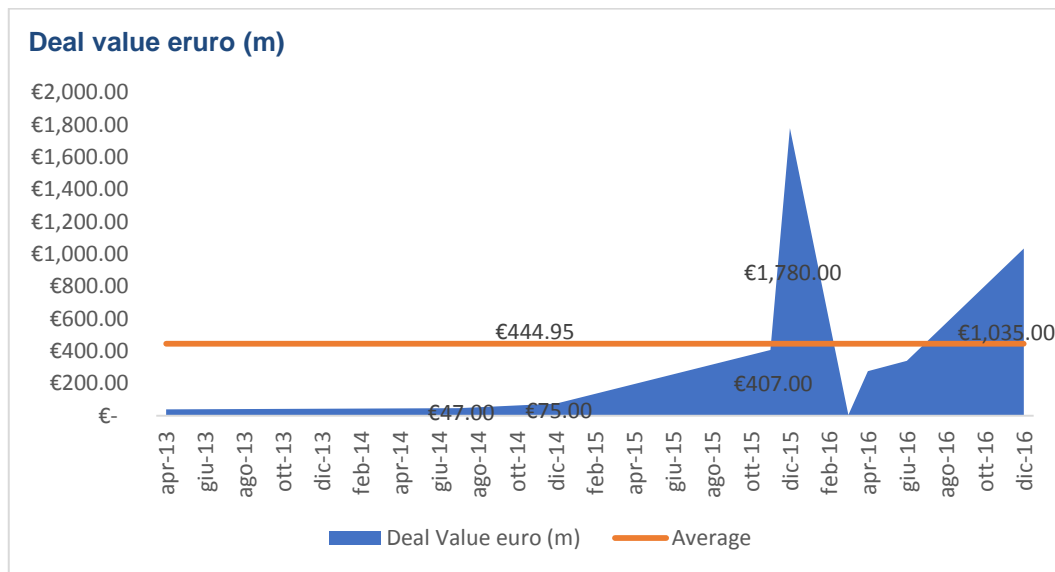

Table 15 - Cumulative deal value in Finace industry

As we can see from the above graph, the investment made across the year has not been homogenous. The maximum deal value registered in the industry is € 1780 million, the minimum is € 5 million and the average € 401.91. In particular, during 2013 just one deal with a low value has been completed. The majority of the value has been generated into this industry from the end of 2015 to the end of 2016, where we find two peak in the graph, caused by two bug value deals.

It is interesting to investigate the origin of the two peaks that are present in the graph. In particular the two value are related to the acquisition of two companies (or group of companies) that operate in the financial institutions (the target primary SIC is: 6099 - Functions related to deposit banking, NEC).

Both the deals have been completed by the Italian and US investment group composed by three companies: A,B and C. The fund has completed the acquisition

of the Company1 in the end 2015 for a value of almost of 2 billion euro. The second deal instead has been performed in late 2016 for a value of almost 1 billion. Maintaining a country perspective, there are other four deals that involves a US investors and that bring US companies to lead the rank for the country which have completed most deal within the Finance industry.

Section 4: Bidder countries analysis

4.0 Introduction of the analysis

In this section we will analyze the bidder countries that are involved in the cross border transactions clustered in the sample. The main two question that we want to answer with this analysis are: considering all the industries, which are the countries that have performed most deal within the years 2013 and 2016? Considering only cross border M&A transactions, which are the countries that have made more capital investment in the Italian market from 2013 to 2016?

The same question can be answered switching from the full horizon to each specific year.

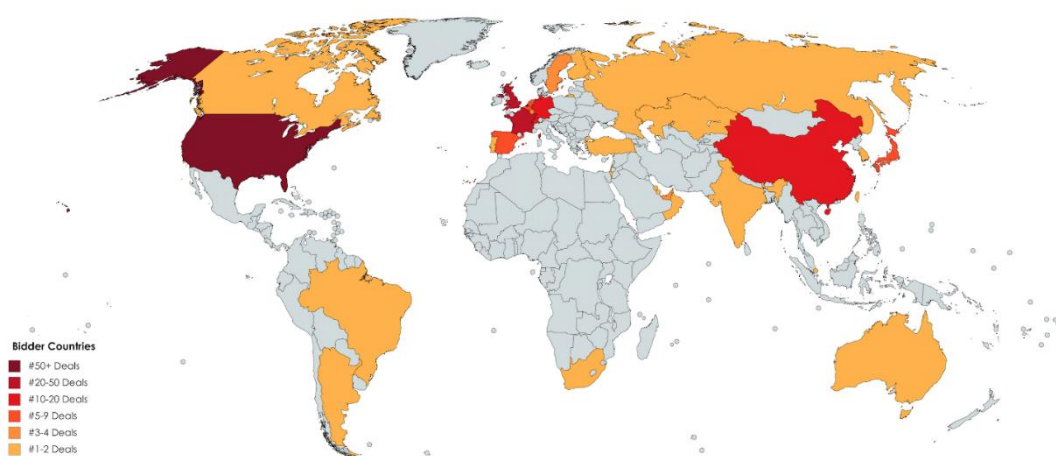## 4.1 Where the bidders are according to deals number

Table 16 - Bidders countries of Italian based target companies from 2013 to 2016

The heat map evidences the nationality of the bidder considering the number of deals per country, with darker colors indicating a higher number of deals performed. Overall, bidders from 39 countries invested in the Italian market, acquiring an Italian company.

The top three bidder countries, in terms of numbers of deals, are the United States, the United Kingdom and France. The United States leads this statistics with 24% of the deals made (54 deals), the United Kingdom and France with respectively 13% and 12% (29 and 26 deals). Further, bidders from 20 countries were involved in only one deal.

4.2 Where the bidders are according to deals number in 2016
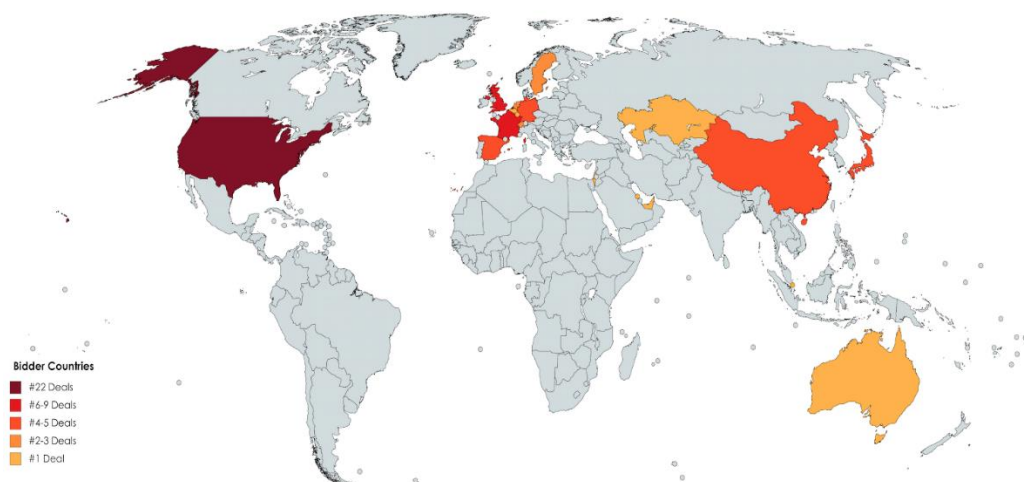

Table 17 - Bidders countries of Italian based target companies in 2016

With reference to 2016, the heat map shows the 18 countries plus two cases of multiple bidder country (Italy + the United States, the United Kingdom + Switzerland) involved in a deal.

The country with the highest number of deals is the United States (as in the global chart) with 22 deals (31%), followed by the United Kingdom with 8 deals (12%) and France with 7 deals (10%).

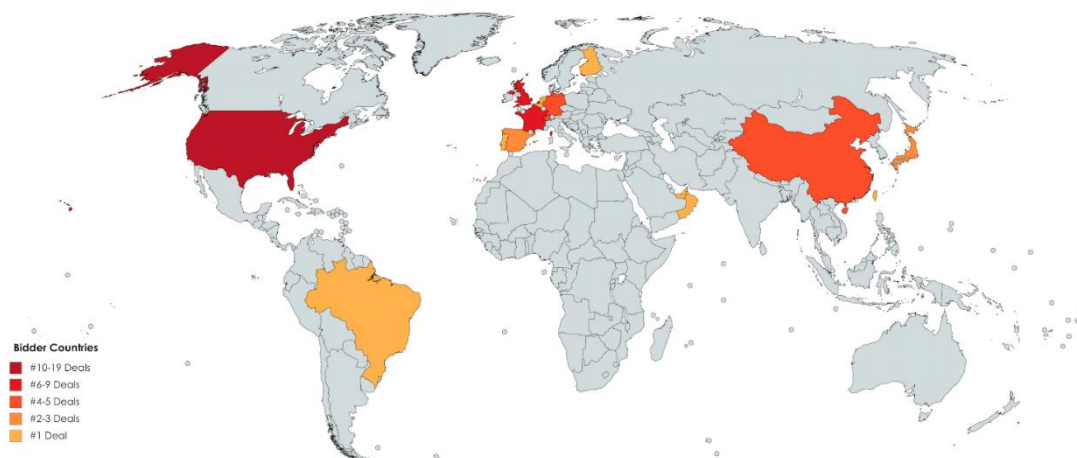## 4.3 Where the bidders are according to deals number in 2015

Table 18 - Bidders countries of Italian based target companies in 2015

With reference to 2015 the heat map below show the country with the higher number of deals. In 2015 have been involved 14 countries plus four cases of multiple bidder country (Italy + France, Italy + US, Italy + Lebanon, UK + Switzerland). The country that has registered the highest number of deals are the United States (as in the global chart) with 9 deals (16%). The second country is United Kingdom which follows with 7 deals (13%) and the third is France with 5 deals (9%).

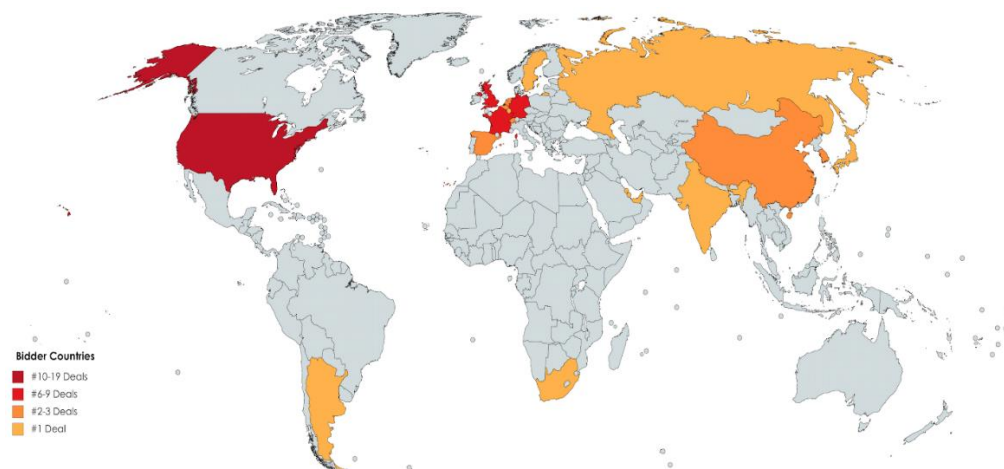## 4.4 Where the bidders are according to deals number in 2014

Table 19 - Bidders countries of Italian based target companies in 2014

In 2014, 20 countries are involved, with three cases of multiple bidder country (the United States and Italy, Italy and France, the United States and the United Kingdom).

Once again, the United States are the country of most of the bidder companies (11 deals, 18%), with the United Kingdom (8 deals, 13%), France and Germany (6 deals, 10%).

4.5 Where the bidders are according to deals number in 2013
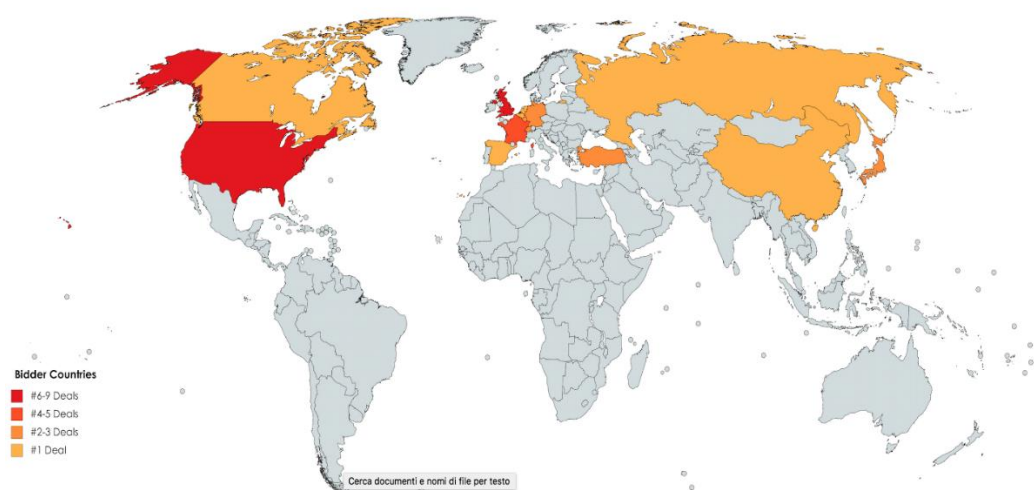

Table 20 - Bidders countries of Italian based target companies in 2013

Finally, in 2013 we notice deals with bidder companies from 14 different countries and four cases of multiple bidder countries (Italy and Lebanon, the United States and Italy, Italy and France, the United Kingdom and Switzerland).

The country with the highest number of deals carried out by its companies is the United States with 9 deals (21%), along with the United Kingdom (7 deals, 16%) and France (5 deals, 12%).

4.6 Where the bidders are according to deals value

As we anticipated before in the introduction to this section, it is possible to schematize the data collected in the sample according to the deal value. In particular, we can put in evidence the investment that each country has made across the years 2013-2016 expressed in million of euro and classified these according the amount of capital that they have invested.
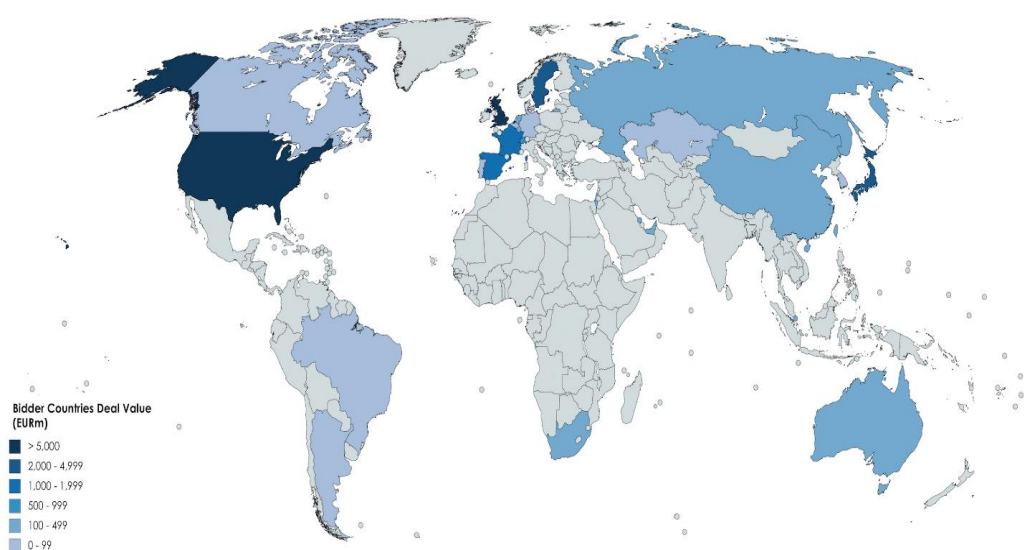

Table 21 - Bidders countries of Italian based target companies classified according to deals value

(*) Note: Data not available for Finland, India, Oman, Qatar, Turkey, US and UK, Italy and Lebanon, Italy and Switzerland. Partial data on deals based in US, UK, France, Germany, China, Switzerland, Japan, Spain, Netherlands, Belgium, Luxembourg, Sweden, EAU, South Korea, UK and Switzerland, Italy and France. Deals based in Italy and US (2,918) and Italy, Hong Kong and UK (390).

In order to have a clearer statistic about the information contained in the upside graph, we can represents the result in another chart putting in foreground the capital that each single country has invested in the Italian market. The countries in the table below are ranked (look at graph 7) according to the total amount of capital that they have invested in the Italian market during our horizon of analysis.
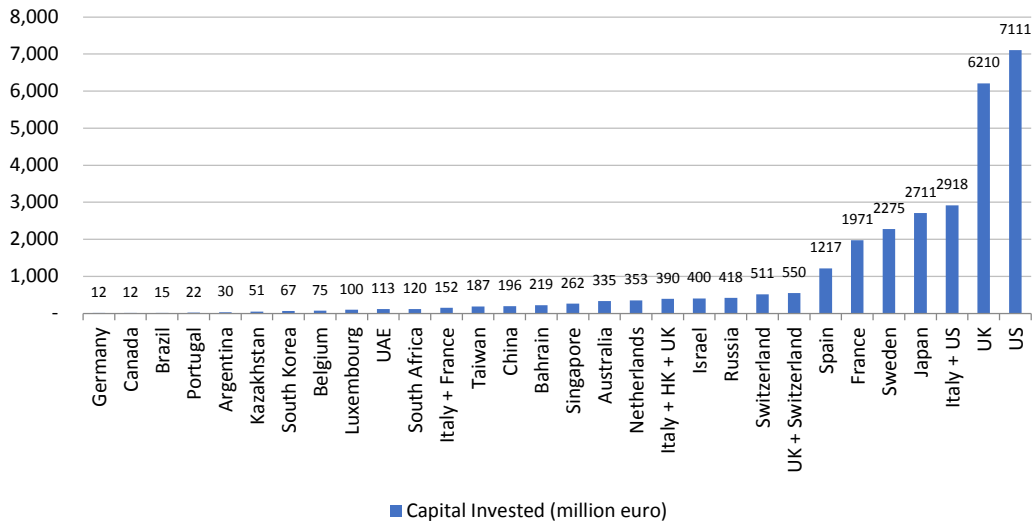
Graph 7- Countries classifed acording to capital invested within 2013 and 2016

The graph clearly shows that Italian market has received investment mostly from seven countries: US, UK, Italy + US, Japan, Sweden, France, Spain. These countries have acquired company for a total value of 24423 m€ (84% of the total acquisition investment).

With these information is interesting to compute the average expenditure per country and understand which is the country that has invested more in Italian market.

- The total amount of investment in Italian market from 2013 to 2016 is: 29 Billion€.

- The average investment in Italian market from a foreign acquirer is: 266,00 Million€.
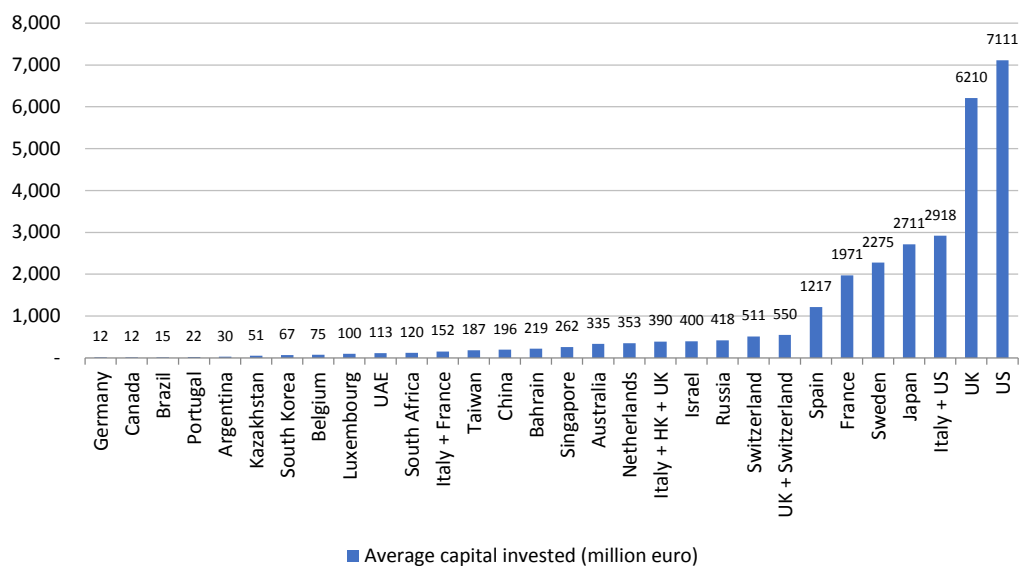
Graph 8 - Countries classification base on the average investment from 2013 to 2016

The graph shows which one have been the company who has invested more in Italian market. The average investment expressed in m€ of the top-acquirer country (we consider top-acquirer country that has an average investment higher of 266,00m€/deal) is: Sweden 2275 m€/deal, Italy + US 973 m€/deal, UK + Switzerland 550 m€/deal, Japan 542 m€/deal, Israel 400 m€/deal, Italy + HK + UK 390 m€/deal, Australia 335 m€/deal, UK 327 m€/deal.

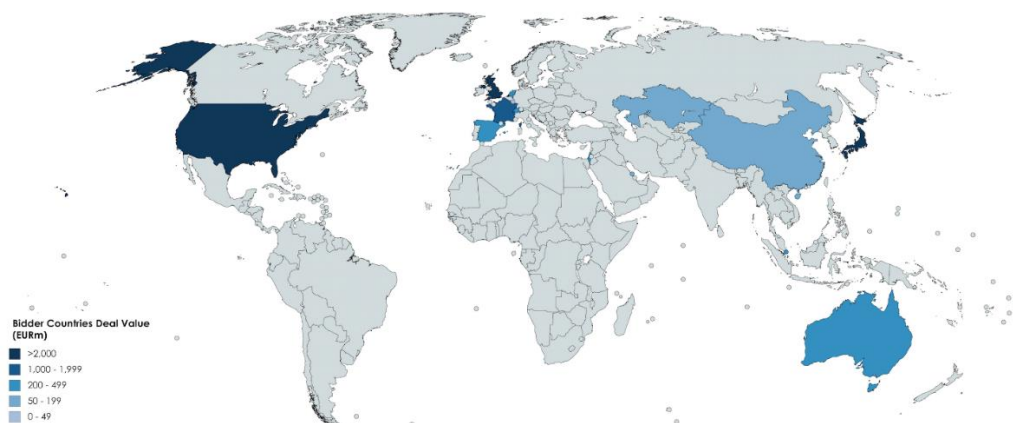## 4.7 Where the bidders are according to deals value in 2016

Table 22 - Bidders countries of Italian based target companies classified according to deals value in 2016

Considering each single year, in 2016 companies resident in the United States (€4,602m), the United Kingdom (€2,919m), Japan (€2,686m), France (€1,269m), Italy and the United States (€1,035m) performed the highest acquisitions in Italian mid target companies, with a total deal value of about €12.8bn and an average deal value of €304m.

On average, considering the number of deals from a single foreign country, we had that the highest investment came from Italy and the United States (€1,035m), Japan (€671m), the United Kingdom and Switzerland (€550m), France (€423m), the United Kingdom (€417m), Israel (€400m), Switzerland (€388m), the United States (€354m), Australia (€335m).

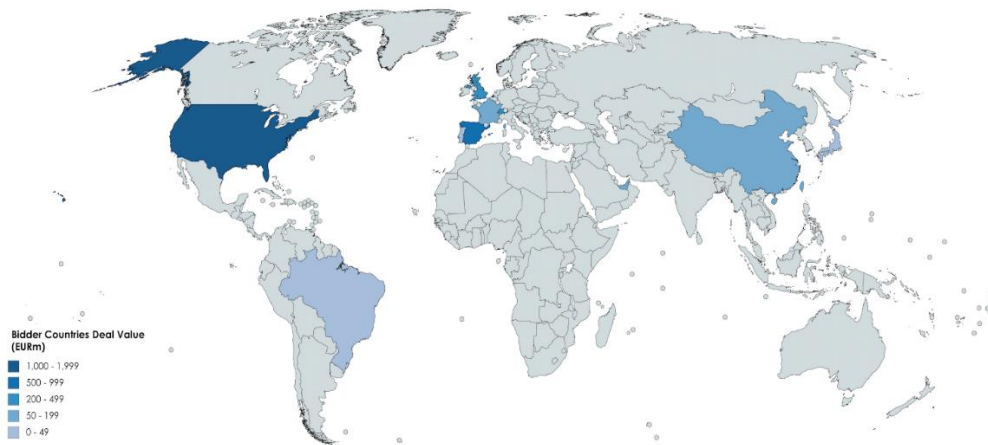## 4.8 Where the bidders are according to the deals value in 2015

Table 23- Bidders countries of Italian based target companies classified according to deals value in 2015

In 2015, the countries investing more in Italian mid companies are Italy and the United States (€ 1,780m), the United States (€1,618m), Spain (€ 693m), the United Kingdom (€612m), Italy, Hong Kong and the United Kingdom (€390m), with overall investments for €5,806bn and an average deal value of €223m.

Single relevant deals in terms of value are the ones coming from Italy and the United States (€1,780m), Spain (€693m), Italy, the United Kingdom and Hong Kong (€390m), the United States (€231m).

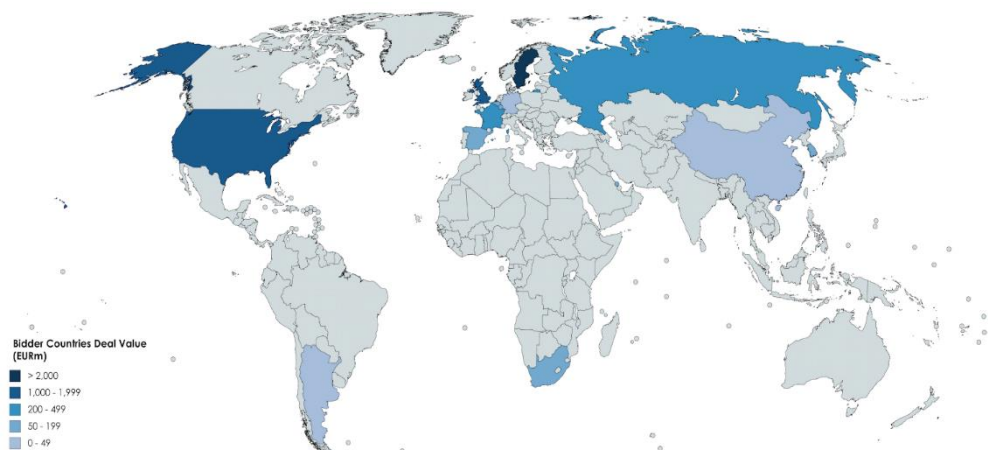## 4.9 Where the bidders are according to the deals value in 2014

Table 24 - Bidders countries of Italian based target companies classified according to deals value in 2014

In 2014, the €6,046bn of investment from companies resident in foreign countries to Italian mid companies came most from Sweden (€2,275m), the United Kingdom (€1,382m), and the United States (€1,046m).

Consistent with 2015, the average investment per deal is €223m, with remarkable deals from Sweden (€2,275m), the United Kingdom (€647m) and Russia (€m).

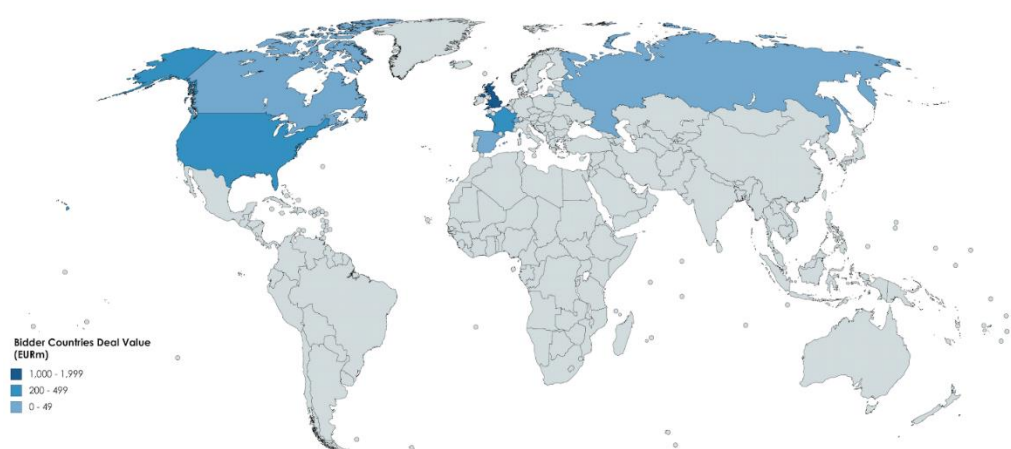**4.10 Where the bidders are according to the deals value in 2013**

Table 25 - Bidders countries of Italian based target companies classified according to deals value in 2013

In 2013, the overall investments of €2,331bn are lead from countries domiciled in the United Kingdom (€1,460m), France (€315m) and the United States (€257m).

Single remarkable deals are the ones from companies in the United Kingdom (€730m), France (€157m) and Italy and France (€122m), with an average investment of €167m per deal.

Section 5: Seller analysis

5.0 Introduction of the analysis

In this section we move our focus from the acquirer to the seller (called also divestor forward in the analysis. The information contained in the sample allow us to answer to the same kind of question of section four but from the seller perspective. Also this section will be structured starting from the classification of the seller countries based on the number of deal in which they are involved. After this classification there is another one which ranked seller countries on the basis of deals value. Once this analysis is done we will move to a more specific cluster within the seller countries. The second part of this section is dedicated to the analyze just the deals that involved an Italian seller.

5.1 Seller companies country

Considering the whole horizon of analysis we can classify the seller and represent the result obtained through a geographic graph (look at table 26 and 27). The graph is made considering the information available in the database about 123 deals.
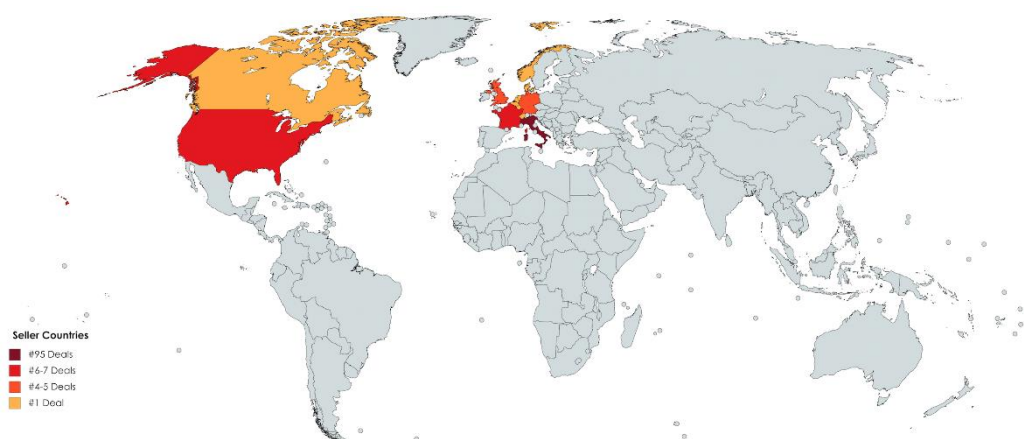

Table 26 - Seller countries classified be number of deal from 2013 to 2016

Table 27 - Seller countries classified according to deal value from 2013 to 2016

The heat maps show the country of the companies that divested from Italian mid companies during the period, selling their stake. Most of the sellers are Italian (95 cases, 77% of the sample), with France (7 cases), the United States, the United Kingdom and Germany (4 cases each) being the most recurrent foreign countries of active seller companies during the period. The overall deal value of sales of such Italian companies is €29bn, with 7 deals of €1bn each.

Later on in this chapter, a deeper analysis about the geographical relationship of the bidder, seller, target company is done, with the aim to investigate which company, whether European or from another continents, has invested in the Italian market, acquiring the 95 companies present in the graph.

5.2 Seller companies country per year

In 2016, most the sellers are Italian (29 cases over 38, 76%), with some sales made from companies resident in the United States (3 cases), Germany (2 cases), France (2 cases), Belgium (1 case) and Luxembourg (1 case). Italian sellers are involved in deals for a value higher than €10bn, with 4 single deals reaching a value higher than €1bn.

In 2015 most the sellers are Italian (23 cases over 29, 79%, more than €3.5bn of deals value), with some sales made from companies resident in France (2 cases),

the United States (1 case), Denmark (1 case), Norway (1 case), the Netherlands (1 case).

In 2014, 20 deals are signed with an Italian seller (74% of cases, more than €3.5bn as deal value) and only few with French (3 cases), English (2 cases), American (1 case) and German (1 case) sellers.

Finally, even 2013 shows the same strong sale from Italian sellers to foreign acquirers (23 cases, 79%, more than €2.1bn as deal value), with limited deals involving foreign sellers (2 cases with English sellers and 1 case each with Swiss, American, German and Canadian sellers).

5.3 Italian seller analysis

The scope of this analysis is to put in evidence the deal value and number regarding the acquisition of an Italian company with an Italian divestor. The total number of deal that involves an Italian divestor as we know is 95, respectively divided in the following within the years of analysis: in 2016 there are 29 deals, in 2015 there are 23 deals, in 2014 there are 20 deals and in 2013 there are 23 deals.
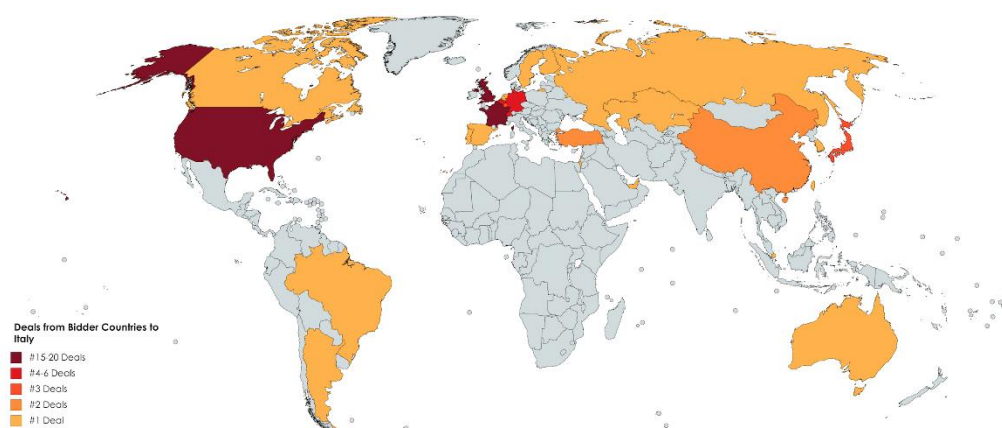

Table 28 – Bidder country that has completed a deal with an Italian seller ranked based on the deal number
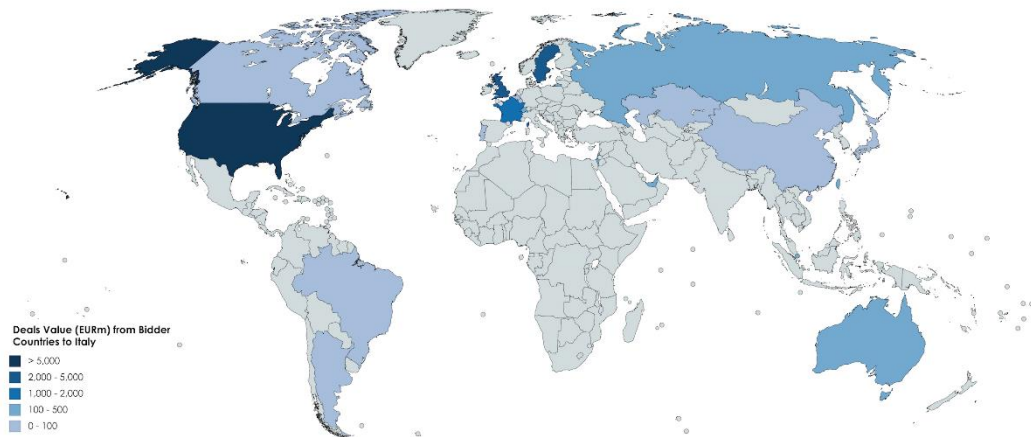
Table 29 - Bidder country that has completed a deal with an Italian seller ranked based on deal value

The map in table 28 shows the base country of bidder companies that invested in Italian mid companies, limiting to the case of an Italian seller. Five countries show more than 4 deals over the period January 2013 – December 2016: United States (19 deals), United Kingdom (16 deals), France (15 deals), Switzerland (6 deals) and Germany (4 deals) with several countries involved at least in a deal.

Considering geographical areas, data show 58 deals (61% of cases) from Europe, 20 from North America, 14 from Asia, 2 from South America and 1 from Oceania.

In the graphs has been inserted only the deal with the data about the value available.

The overall deal value of sales of such Italian companies is €29bn, with 7 deals of €1bn each.

Due to missing data, the analysis can be performed only on 123 deals.

5.4 Bidder companies country with an Italian seller

In 2016, the acquirer of Italian companies from Italian sellers are based in the United States (7 cases, more than €3.7bn as deal value), the United Kingdom (6 cases, more than €2.5bn as deal value), France (5 cases, more than €1.3bn as deal value), Germany (2 cases) with additional 9 deals involving the United Kingdom and Switzerland, Singapore, Spain, Luxembourg, Kazakhstan, Japan, Italy and the United States, Israel, Australia.

In 2015, the acquirer of Italian companies from Italian sellers are based in the Switzerland (3 cases), France (3 cases), the United States (3 cases), the United

Kingdom (3 cases), China (2 cases) with additional 9 deals involving the United Arab Emirates, Taiwan, Portugal, Japan, Germany, Finland, Brazil, Belgium and Italy and the United States

In 2014, the acquirer of Italian companies from Italian sellers are based in the United States (5 cases), the United Kingdom (3 cases), France (3 cases), Belgium (2 cases), Switzerland (2 cases) with additional 5 deals involving South Korea, Sweden, Russia, Germany and Argentina.

Finally, in 2013 the acquirer of Italian companies from Italian sellers are based in the United States (4 cases), the United Kingdom (4 cases), France (4 cases), Turkey (2 cases), Luxembourg (2 cases) with additional 7 deals involving Switzerland, the United Kingdom and Switzerland, Belgium, Canada, Italy and France, Japan and the Netherlands.

Section 6: Seller and acquirer analysis

6.0 Introduction

The aim of this analysis is to investigate the number of cases where the seller and the acquirer are from the same country. Within this section we investigate the cases where the acquirer and seller are respectively from the same country and continents. In the second part of the section we analyze the case where we have a multiple seller.

In the third part of the section we will analyze the deals which involve multiple sellers and in particular we will assess the case when sellers are from the same country, when they are from the same continent and when they are from different continent.

6.1 Seller and acquirer from the same country

In the sample there are eight cases where the seller and the acquirer are from the same country.

| Acquiror Nationality	Seller Nationality	
Italy + US	Italy	2
France	France	2
Germany	Germany	1
Italy + France	Italy	1
Italy + France	France	1
US	US	1

The most notable deal within these eight are the two deal performed by the joint countries Italy and US. Even if in the sample should not be deal which involved an Italian acquirer, we have cases where an Italian company or fund co-participate to the deal as an acquirer. In particular, with reference to these cases, there are three deals where an Italian company has invested in an Italian company.

The first two cases involve the same acquirer company, which is a global private equity firm focused primarily in buyouts, and composed by the joint Italian and US firm. The company has completed two deals, respectively in December 2015 and 2016. The first one involves the acquisition of CompanyA, which was owned by Company1 and Company2 (major shareholder) and other Italian banks in a smaller percentage. The deal has been completed with a deal value almost 2 billion euro. The second one it involves the acquisition of CompanyB and CompanyC (Provider of electronic payment processing services). The deal's divestor is Company2. The deal has been completed with a deal value around 1 billion euro.

These analysis shows the entrance in the Italian market of foreign company that were not present before. The 96% of the deals present in the database refer to a investment situation where a foreign investor, out of the market acquired from a local divestor a company. Just in the 4% of the cases there is a cross country transaction between the same country (French divestor sell to a French acquirer an Italian company).

6.2 Seller and acquirer from the same continents

A step forward to this analysis is to assess the deals that involved two countries from the geographic area (divestor and the acquirer are from the same continents). Considering this more general scenario the number of deal is significantly higher.
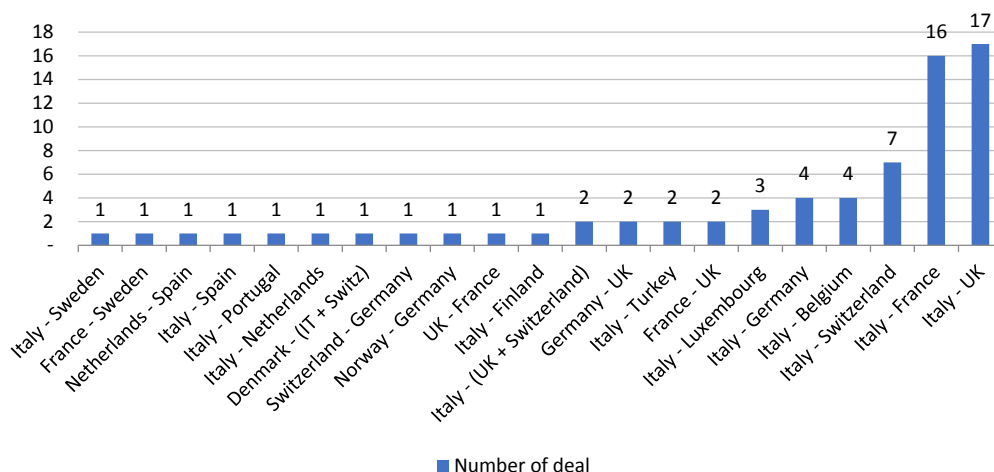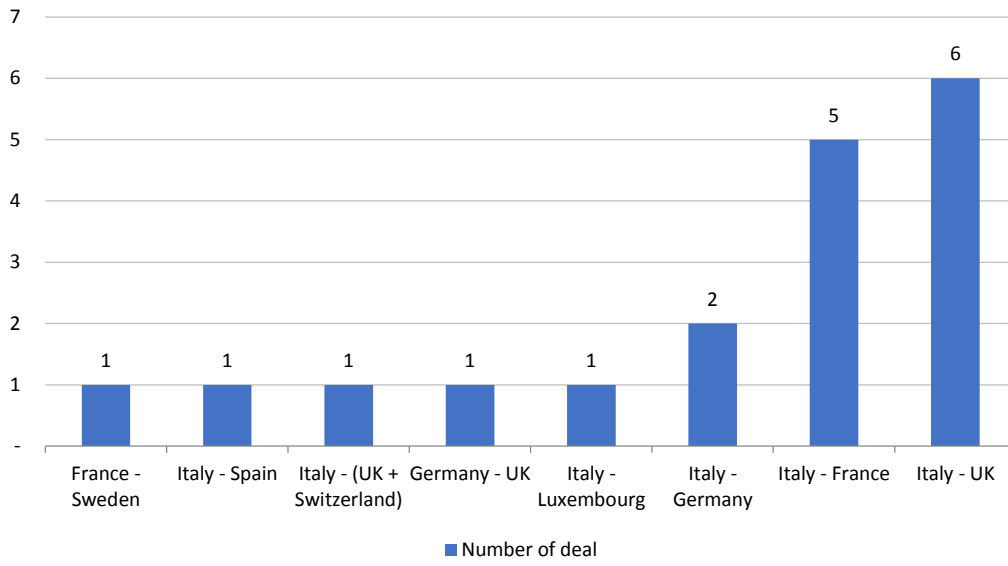
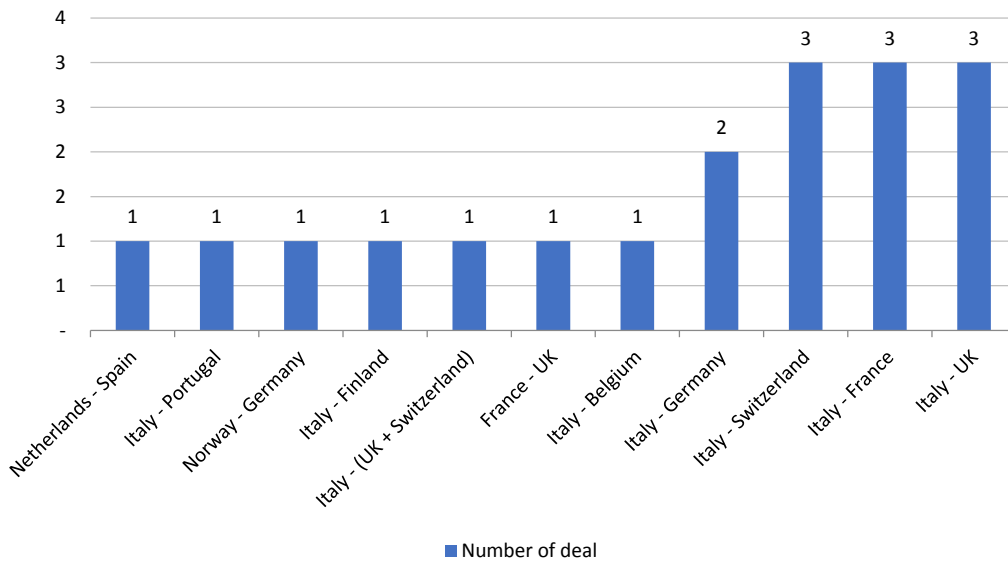*Graph 9 - Deals where seller and acquirer are from the same continent*

The number of deals involved in this statistic is 70. As we can see from graph 9, which represents the result extracted from the database, the majority of deals involved Italy – UK (24%) and Italy – France (23%). Right after these come Italy – Switzerland with 7 deals (10%), Italy – Germany and Italy – Belgium with 4 deals (6%).

Moreover, the statistic shows an interesting result; there are not deals done by not European investors. That means that all the deal concerning an Italian company with European divestor has always involved an European investor. In the sample is then impossible to find an Asian/American company which has acquired/sold an Italian company from another Asian/American company.
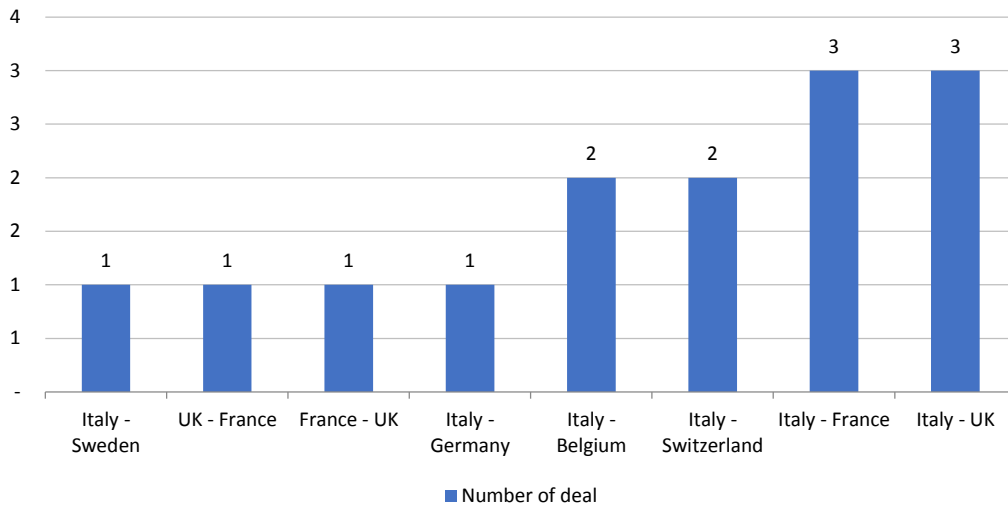
This analysis can be performed also with reference to each single year. The graph down reported shows the result obtained considering separately each single year of analysis.
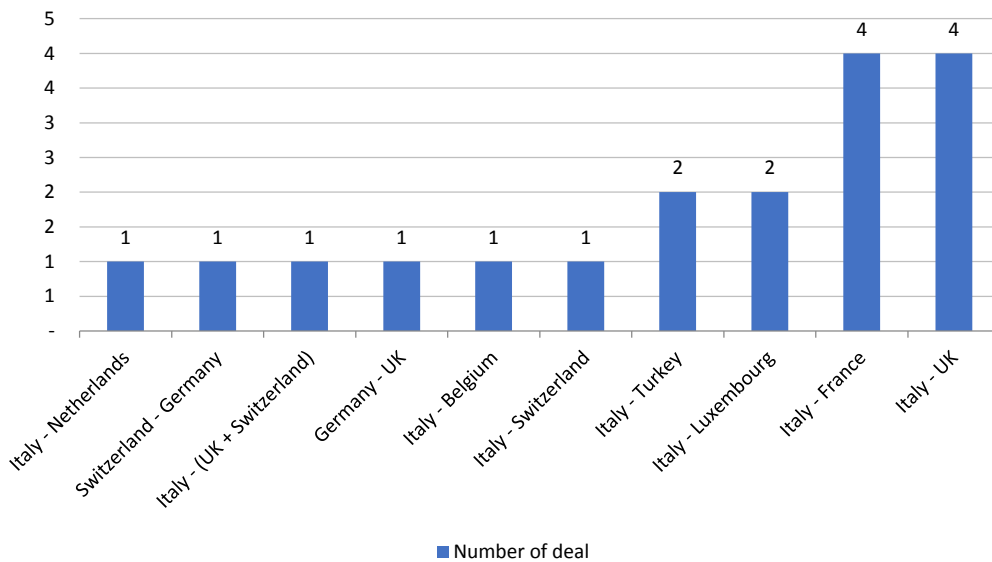
Graph 10 – 2016 deals where seller and acquirer are from the same continent

Graph 11 - 2015 deals where seller and acquirer are from the same continent

Graph 12 - 2014 deals where seller and acquirer are from the same continent

Graph 13 - 2013 deals where seller and acquirer are from the same continent

6.3 Analysis of the deal with multiple seller.

This analysis aims to investigate the number of deal with multiple seller. The total number of deals with contained in the sample is 31. The analysis is made up dividing the deals according to the country of origin of the seller and acquirer. Three statistics have been identified:

- Deals with multiple seller from the same country

- Deals with multiple seller from the same continent

- Deals with multiple seller from different continent

Regarding the deal with multiple seller which are from the same country in the sample there are 11 cases distributed as: 5 deals in 2016, 3 in 2015, 2, in 2014 and 1 in 2013.

1) CompanyA, an Italian company operating as Jewelry and precious products manufacturer, which has been acquired in 2013 by Company1, a French non-food multi-distribution company involved in operation of department stores, building materials, furniture, clothing, luxury goods, professional and household equipment retail and mail order. Also involved in consumer credit. The divestor companies are two Italian companies which owned respectively the 79% and 18%.

2) CompanyB (23.4%), the company that was managing Manager of the Pisa airport, that has been acquired by Company2, an holding company involved in airports, infrastructure, energy, and agricultural business based in Argentina in 2014 for more than 25 million euro. The divestor companies are two Italian companies.

3) CompanyC which is an Italian Luxury furniture manufacturer, which has been acquired in 2014 for almost 500 million euro by a US based company of Manufacturer of office furniture. The divestor companies are two Italian companies which owned respectively the 51.3% and 7.3%.

4) CompanyD an Italian Telephone directory publisher company which has been acquired by Company3 in June 2016 for almost 300 million euro. The divestor companies are two US firms.

5) CompanyE which has been acquired in 2015 by three companies. The divestor companies were a group of Italian banks.

6) CompanyF which is a provider of thermal and acoustic insulation systems for the building sector and food packaging solutions and has been acquired by Company4. The divestor companies are two Italian companies.

7) CompanyG a graphic design services, ink and sign manufacturer which has been acquired in 2015 for almost 350 million euro by a US firm. The divestor companies were two Italian companies (one with 72% shares).

8) CompanyH, an Construction and civil engineering company which has been acquired in 2016 for less than 100 million euro a company based in Kazakhstan. The divestor companies are two Italian firms.

9) CompanyI (Minority%) a cruise operator providing deep water passenger transportation which has been acquired 2016 by Company5 (France). The divestor companies are both from Italy.

10) CompanyL an rail transportation firm managing railway stations which has been acquired in 2016 for almost 1 billion euro by private equity firm specializing in infrastructure investments. The divestor companies are two Italian companies respectively having the 60% and 40%.

11) CompanyM an household products manufacturer which has been acquired in 2016 by a German firm. The divestor companies are both from Italy.

Regarding the deal with multiple seller which are from the same continent in the sample there are 12 cases distributed as: for 7 cases, in 2015 for 3 cases, in 2014 and 2013 just in one case.

1) CompanyN (38.709%) an Airline company which has been acquired in 2013 for almost 30 million euro by Company5. The divestor companies were two Italian firms respectively having 26.66% and 12.05%.

2) CompanyO a mobility telematics services provider which has been acquired 2014 for more than 400 million euro by a Russian Federation company. The divestor companies were three Italian companies.

3) CompanyP an Italian producer of frozen focaccia and bread which has been acquired in 2015 by a firm form Belgium. The divestor companies were an Italian and a French company.

4) CompanyQ (90%) which is the owner of tower business consisting of 7,377 towers that has been acquired in 2015 for more than 500 million euro by a company from Spain. The divestor companies are from UK and Italy.

5) CompanyR (85%) a frozen international food distributor which has been acquired in 2015 for almost 300 million euro by Company6. The divestors are three companies.

6) CompanyS (Majority%) a designer of a management software for small and medium businesses and provider of software training services. Software-Computer, Traditional & Other. The company has been acquired in 2016 for more than 1 billion euro by Company7. The divestors are three companies.

7) CompanyT which is a company involved in the research, development and manufacturing of prosthetics and that has been acquired in 2016 by a Swedish company. The divestors are three companies.

8) CompanyU which has been acquired in 2016 for a value around 1 billion euro by Company8. The divestors are three companies.

9) CompanyV which is active in the manufacturing business of films for a variety of applications in the food, pharmaceutical, cosmetic, stationery and furniture markets. The company has been acquired in 2016 by Company9 (US). The divestor companies are an Italian company and a fund.

10) CompanyZ (70%) which is a provider of circuit wafer foundry services that has been acquired in 2016 for almost 50 million euro. The divestor are two companies.

11) CompanyAA an italian jewelry and watches retailing company which has been acquired in 2016 for more than 300 million euro by Company10. The divestor companies are six companies.

12) Company AB (91.2%) which is a plastics packaging company that has been acquired in 2016 by Company11.The divestor companies are two.

The total number of deals involving multiple seller coming from two different continent is 8. In 2016 there are 4 deals with this characteristic, in 2015 there are 2, in 2014 no one and in 2013 there are 2.

1) CompanyAC a company active in the provision of professional information to the business world which has been acquired in 2013 for more than one billion euro by Company12. The divestor companies are two.

2) CompanyAD a generic drugs and pharmaceutical products manufacturing company which has been acquired in 2013 for more than 300 million euro by Company 13. The divestor companies are three.

3) CompanyAE (38%) a manufacturer of toys, games and dolls which has been acquired in 2015 for more than 50 million euro by Company14 (China). The divestor companies are two.

4) ComppanyAF (Stake%) a cane sugar refinery firm which has been acquired in 2015 by Company15 (France). The divestor companies are two (US and Italy).

5) CompanyAG a vending machine manufacturer which has been acquired in 2016 for a value around 700 million euro by Company16 (US). The divestor companies are two.

6) CompanyAH (Majority%) a Software-Computer, Traditional & Other Software company engaged with business process outsourcing and document management services. The company has been acquired in 2016 by Company16 (US). The divestor companies are two.

7) CompanyAI which is a chemicals company that has been acquired in 2016 for more than 300 million euro by Company17. The divestor companies are two.

8) CompanyAL which is a manufacturer and marketer of ingredients for gelato, pastry and other foods that has been acquired in 2016 for a value around 400 million euro by Company18. The divestor companies are three.

Section 7: Deal techniques

7.0 Analysis of the deal techniques

A furthermore analysis that can be made from the database is to analyze the deal techniques that have been used. The database contains information about the deal technique of all the 225 deals.

All the deal techniques used are list below:

- Auction

- Auction; Divestment; Leveraged buyout; Secondary buyout

- Divestment

- Divestment; Auction; Leveraged buyout; Secondary buyout

- Divestment; Exercise of option

- Divestment; Leveraged buyout

- Divestment; Leveraged buyout; Secondary buyout

- Divestment; Multi-part deal

- Divestment; Privatization; Auction

- Divestment; Public offer

- Divestment; Secondary buyout; Leveraged buyout

- Divestment; Stock swap

- Divestment; Stock swap; Public offer; Mandatory general offer

- Leveraged buyout

- Leveraged buyout; Divestment

- Leveraged buyout; Secondary buyout; Divestment

- Leveraged buyout; Secondary buyout; Management participation; Divestment

- Management participation; Leveraged buyout

- Open market purchase

- Privately negotiated

- Public offer

- Restructuring; Recapitalization; Share placement

- Secondary buyout; Leveraged buyout; Divestment

- Share placement

- Share placement; Divestment

- Stock swap

The statistics clearly shows that the most used techniques for the deal are divestment and privately negotiation which account respectively 32% (73 deals) and 28% (63 deals) of the total. Except these two techniques, also all the other list above have been adopted, but not in a large used. Right after the privately negotiation, the third one most used is Divestment; Leveraged buyout; Secondary buyout which accounts 7%.

The same analysis can be performed for each year in order to understand which ones were the most used during each year.

In 2016 and 2014, the most used techniques are privately negotiation (24 deals, 34% of the transactions in 2016; 20 deals, 33% of the transactions in 2014) and divestment (19 deals, 27% of the transactions in 2016; 14 deals, 23% of the transactions in 2014).

In 2015 and 2013 most of the deals are related to divestments (21 deals, 38% of the transactions in 2015; 19 deals, 45% of the transactions in 2013) and privately negotiations (12 deals, 22% of the transactions in 2015; 7 deals, 16% of the transactions in 2013).

Section 8: Stake acquisition of target company

8.0 Introduction

In this section we will assess the percentage of stakes that the acquirer has acquired of the target companies. In some cases, acquirer companies already have stakes of the target and with the investment they increase their percentage. For this reason our analysis started collecting information about the amount of stakes that the acquirer already have and measuring how many stakes have been acquired through the investment.

For what concerns the initial stake, the deals contain in the database had different situation. The total amount of data is 222 deals (3 deals have no information). The analysis has been performed starting from the percentage of initial stake; equal to 0, between 0.1 – 10, between 10.1 – 30, between 30 - 50, between 50 – 70, higher than 70. Once associated the deal with one of the listed category the analysis move to identify the percentage on stake acquired with the deal. About this further classification of each deal, eight subcategories have been identified looking at the sample:

- 100% acquisition

- Majority (Maj%) acquisition

- Minority (Min%) acquisition

- With 0-10 % acquisition

- With 10.1-30 % acquisition

- With 30-50 % acquisition

- With 50-70 % acquisition

- Higher 70 % (with maximum 99.9%)

8.1 Stake's analysis in the full horizon

Considering the full horizon of time we can resume the result in the graph 14 reported down.
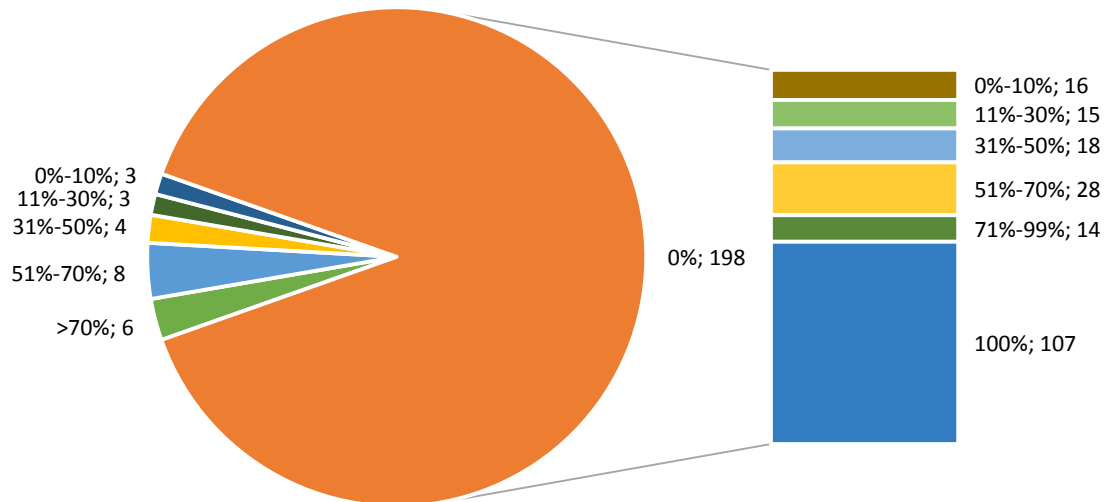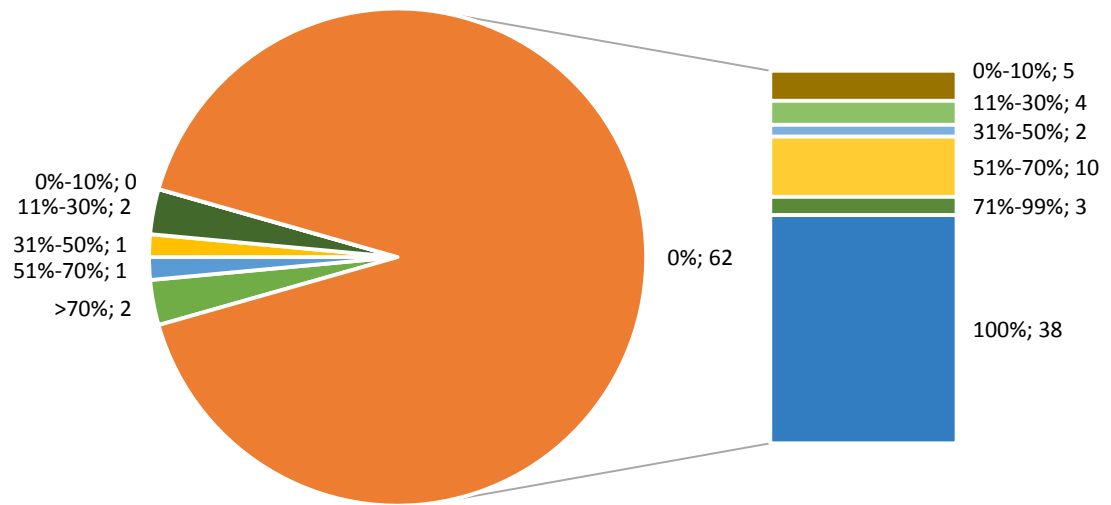

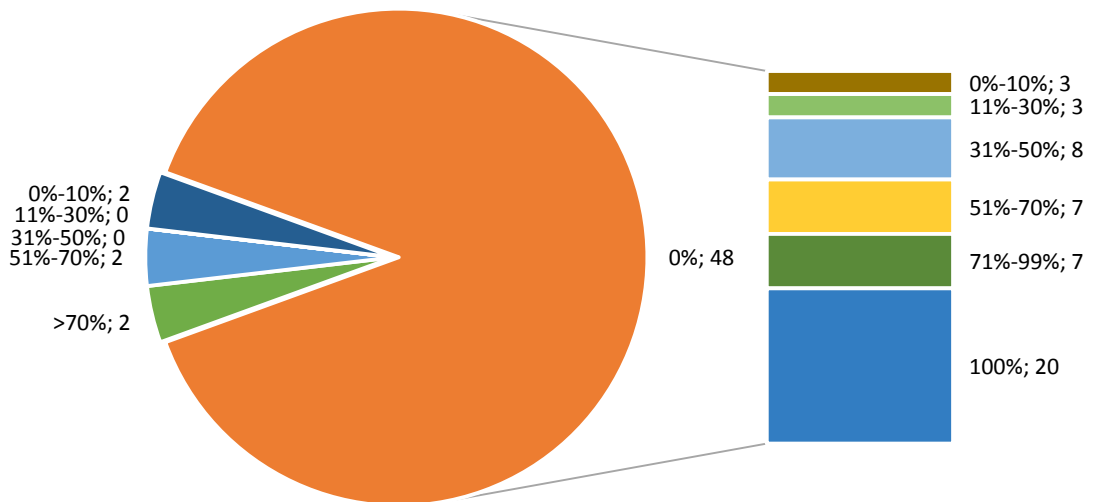*Graph 14 - Shares analysis considering deals from 2013 to 2016*

What is clear from the analysis is that most the deal have been performed by acquirers that have initial stake equals to zero and which have completed the acquisition acquiring the entire target company (100% acquisition). Considering the total horizon of time, 198 deals on 222 (89%) started with an initial stake for the acquirer equals to zero. Of these deals, 107 (54%) are complete acquisition.

Same result can be obtained performing the analysis on the single year. In each single year, several deals started with an initial stake for the acquirer equals to zero (91% in 2016, 92% in 2015, 94% in 2014, 85% in 2013), most of which resulting in complete acquisition (61% in 2016, 47% in 2015, 55% in 2014, 55% in 2013). The sequent graphs (15-16-17-18) represents in detail the shakes analysis for each year.
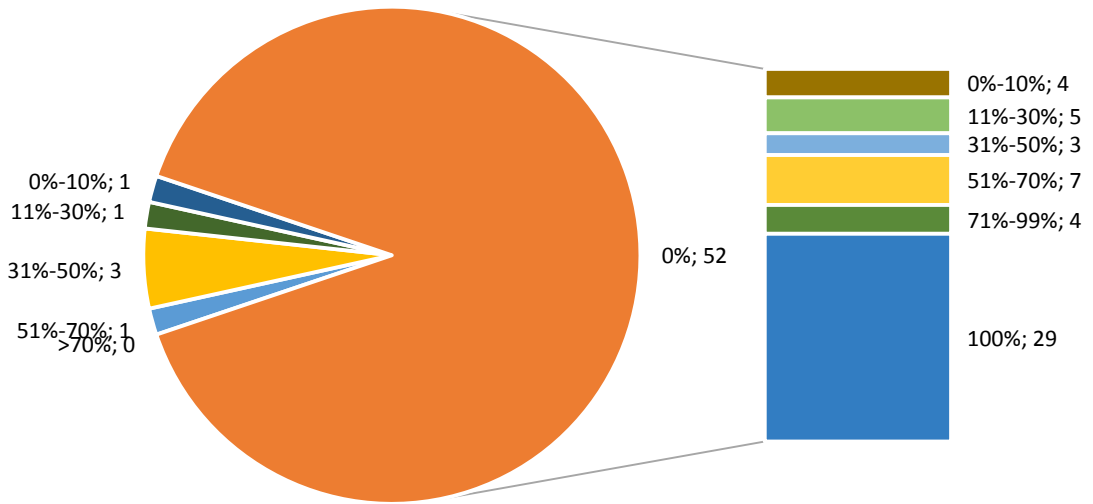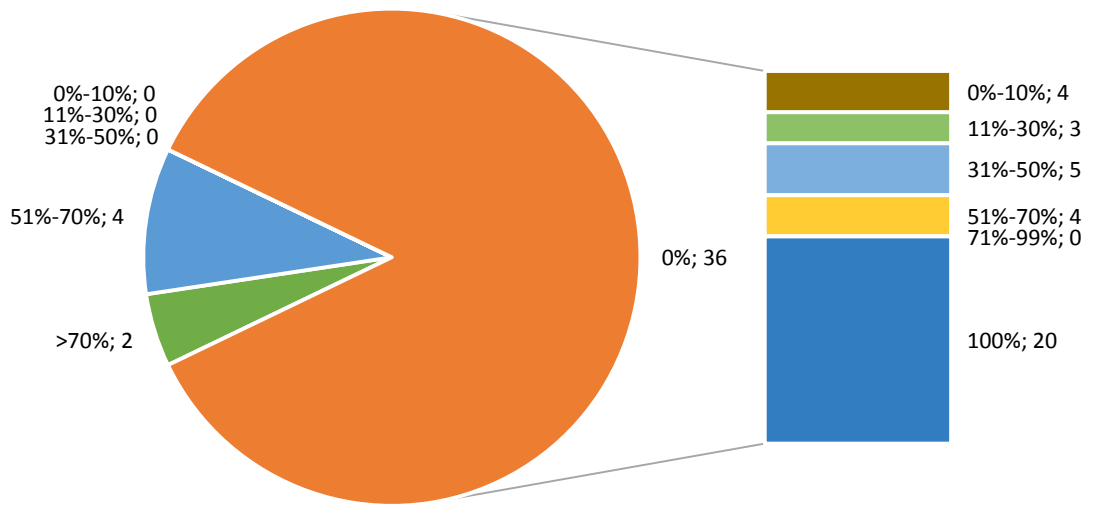
8.2 Single year stake's analysis

Graph 15 - Shares analysis considering deals from 2016

Graph 16 - Shares analysis considering deals from 2015

*Graph 17- Shares analysis considering deals from 2014*

Graph 18 - Shares analysis considering deals from 2013

Section 9: Target status

9.0 Introduction

Database provides information also about the target status. In this analysis deals can be divided into three types: Public (listed), Private (not listed), Government (not listed). Considering the total horizon of time, 19 deals involved Public companies, 205 deals involved Private companies and 1 deal involved Government company.
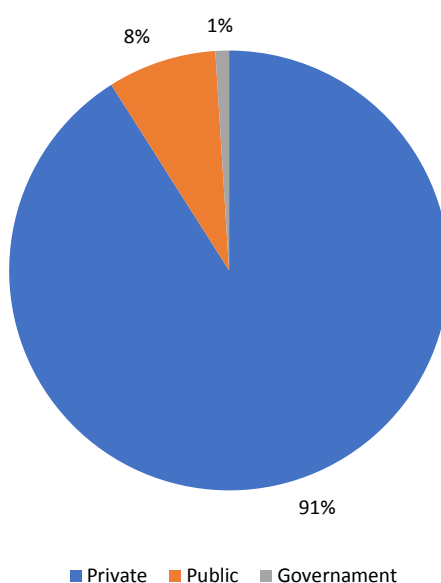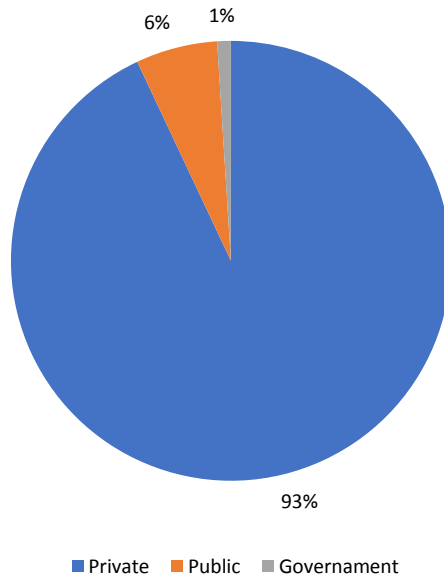

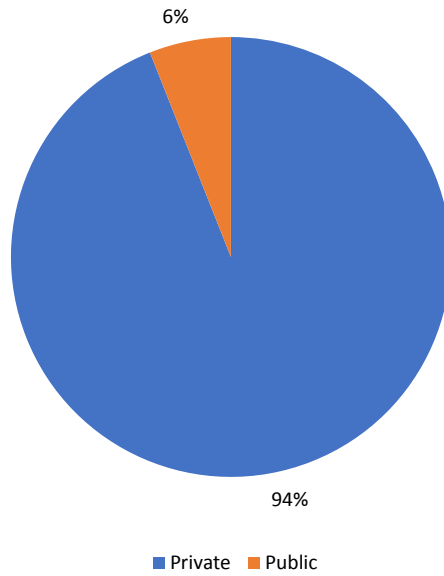*Graph 19 - Companies target status considering the deals from 2013 to 2016*

Dividing the deals, and the related company, into these three categories the result that the graph shows is that the large majority of the deals involved private not listed company (91%). Government companies are instead not considered by foreign investment; just one deal in four years. For what concerns public company, investors showed interest about the number of deals is still very small compare to the number of private company acquired (19 deals).

Same analysis can be performed considering each year separately. The graph report the result of this analysis.
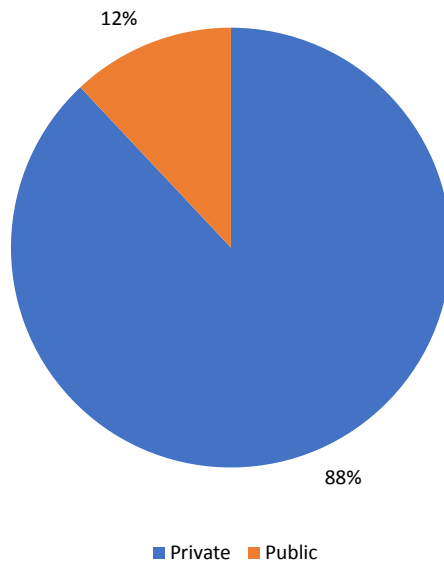
9.1 Single year stake's analysis

6% 1%

93%

■ Private ■ Public ■ Governament

Graph 20 - Companies target status considering 2016 deals

6%

94%

■ Private ■ Public

Graph 21- Companies target status considering 2015 deals

12%

88%

■ Private ■ Public

Graph 22 - Companies target status considering 2014 deals

12%

88%

■ Private ■ Public
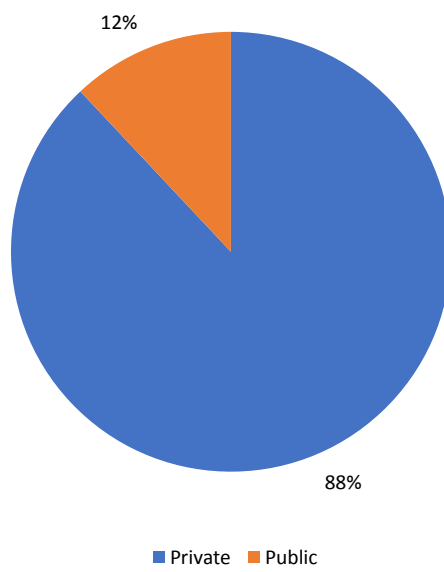
Graph 23 - Companies target status considering 2013 deals

Section 10: Sectors across target, seller and bidder

10.0 Introduction

The aim of this analysis is to identify the only cases contained in the database where all the three companies involved in the deal operate in the same Industry.. For the seek of simplicity sectors have been simplified under one single voice. For example considering Finance Industry, which has different sectors in the database (Finance-Miscellaneous, Finance-Investment management, Finance-Investment banks, Finance- Commercial and saving banks, Insurance-Multi-line, Insurance-Brokers and Insurance-Life, Real Estate/Property-Operations), these have been clustered to only one voice that is Finance and that includes all of the specific sectors just listed. In this way is easier to perform the analysis, and errors related to the identification of the specific sectors/business in which each single company operates are minimized.

10.1 Seller-Bidder-Acquirer sector analysis

In order to complete this analysis we have excluded the case where the acquired or seller is a private equity fund.

The analysis has been completed assessing the differing industries and analyzing the company that participated to each specific deal.

1) Machinery

   CompanyA has been acquired in middle 2016 for almost one billion euro by Company1, which is a supplier of recycled OEM automotive parts and assemblies. The divestor is a company operating in the same sector and based in Italy

   A Chinese company operating in semiconductor foundries provider of integrated circuit foundry and technology services has acquired CompanyB in

middle 2016 for less than 500 million euro. The divestor is a merge of Italian and German companies operating in the same sector.

CompanyC has been acquired in middle 2014 for less than 200 million euro by Company2, a manufacturer of weapons and ammunition based in France. The divestor is a UK company operating in the same sector

CompanyD has been acquired in the end of 2015 by the a German textile manufacturer. The divestor of is an Italian company which operates in the same sector.

2) Finance

CompanyE has been acquired in the end of 2016 for a value close to 1 billion euro by Company3, a global private equity firm focused primarily in buyouts.The divestor is an Italian company operating in the same sector.

CompanyF has been acquired in the end of 2015 for more than 1.5 billion euro by a group of companies called Company5, which operate in the gobal private equity firm focused primarily in buyouts. The divestor are Italian companies operating in the same sector.

CompanyG has been acquired in middle 2014 by a German insurance company which provides life, accident, property and casualty, and auto insurance services for private customers. The divestor company is Italian and operates in the same sector.

CompanyH has been acquired in middle 2013 for a value close to 15 million euro by a France real estate investment trust that manages a diversified real estate portfolio including offices, residential building, and car parking lots. The divestor company is based in Italy and operates in the same sector.

3) Food & Beverage

CompanyI has been acquired in the end of 2016 for more than 2 billion euro by Company6 which is an holding company for producers of beer and other alcoholic drinks. Engaged in production of soft drinks, tea and juice-based beverage also. The divestor is a Belgium company operating in the same sector.

CompanyL has been acquired in middle 2016 by Company7 which is a manufacturer of sugar, alcohol and ethanol fuels. The divestor is an Italian company operating in the same sector.

CompanM has been acquired in the beginning of 2015 by Company8 which is a manufacturer of sugar, alcohol and ethanol fuels. The divestor is a US company operating in the same sector.

4) Machiney

CompanN has been acquired in the middle of 2016 by Company9 which is specialised in the manufacturing of paper mainly from cellulose pulp obtained from straw for corrugating. The divestor company is based in Italy and operates in the same sector.

CompanyO has been acquired in middle 2013 for a value close to 15 million euro by Company10 which is specialised in the manufacturing of paper mainly from cellulose pulp obtained from straw for corrugating. The divestor company is based in Italy and operates in the same sector.

CompanyP has been acquired in middle 2013 by Company11 which is a manufacturer of hygienic disposables including nappies and feminine hygiene products. Also makes incontinence products. The divestor company is based in Italy and operates in the same sector.

CompanyQ has been acquired in the late 2015 by a German company which is an operator of rolling mills. The divestor is a Norway company which operates in the same sector.

CompanyR has been acquired in the middle of 2013 by a US manufacturer of forged steel fittings, valves, and pipe connectors. The divestor company is Italian and operates in the same sector.

5) Healthcare

CompanyS has been acquired in late 2014 for a value higher than 2 billion euro by Company12 which is a pharmaceuticals producer specialized in manufacturing respiratory, dermatological and over-the-counter products. The divestor company is based in Italy an operates in the same sector.

6) Service

CompanyT has been acquired in the end of 2013 by Company13 which is operating in gambling industry. The divestor company is a German company which operates in the same sector.

CompanyU has been acquired in middle 2015 for a value close to 20 million euro by Company14 which is a n holding company engaged in outdoor communication. The divestor is an Italian company which operates in the same sector.

CompanyV has been acquired in middle of 2016 for a value close to 250 million euro by Company15 which is an internet and multimedia services provider. The divestor is a US company which operates in the same sector.

CompanyZ has been acquired in the beginning of 2016 by Company16 which is a shipping and logistics company based in France. The divestor is an Italian firm which operates in the same sector.

CompanyAA has been acquired in the middle of 2015 by Company17 which is an holding company for the Contship Italia Group, which operates ports and provides logistics, container and terminal services. The divestor company is based in Denmark and operates in the same sector.

7) Retail

CompanyAB has been acquired in middle of 2013 by Company18 which is an electronics retailing group. The divestor is an Italian company which operates in the same sector.

Considering the data listed, the total number of deal that fit into the statistic is 30. These deal are divided into the four years of analysis in the sequent way: 10 deals in 2016, 7 deals in 2015, 4 deals in 2014, 9 deals in 2013.

Section 11: How cross border M&As are valued

11.0 Introduction

The aim is to analyze the multiples used for the evaluation of the target company during the transaction. The analysis evaluates the number of time that each multiple is used, the average value of the acquirer's sector. This last average value is assessed considering separately the finance sectors and the other sectors.

The value used to calculate the multiples are contained in the database and are:

- EV

- Sales

- EV/Sales

The multiples that are analyzed are: EV/Sales and EV/EBITDA.

The analysis is performed according to the availability of value that is present in the database.

11.1 EV/Sales multiples

With reference to the total horizon of time:

- Tot: 11

- Average value: 1,736

- Average value on finance sector (of the acquirer): 1,736

- Average value of all no finance sectors (of the acquirer): 1,025

With reference to 2016:

- Tot: 2

- Average value: 2,101

- Average value on finance sector (of the acquirer): 4,603

- Average value of all no finance sectors (of the acquirer): 0,356

With reference to 2015:

- Tot: 2

- Average value: 1,723

- Average value on finance sector (of the acquirer): 1,723

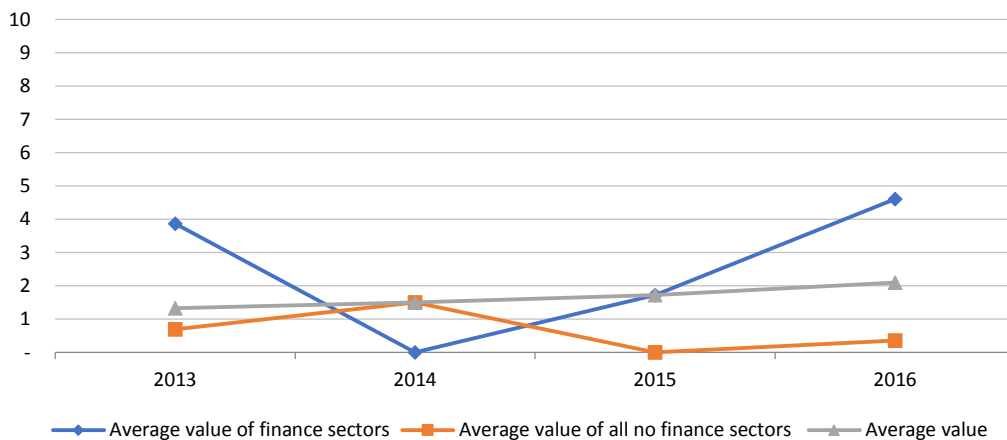- Average value of all no finance sectors (of the acquirer): null

With reference to 2014:

- Tot: 3

- Average value: 1,507

- Average value on finance sector (of the acquirer): null

- Average value of all no finance sectors (of the acquirer): 1,507

With reference to 2013:

- Tot: 4

- Average value: 1,327

- Average value on finance sector (of the acquirer): 3,870

- Average value of all no finance sectors (of the acquirer): 0,691

The graph below resume the result of the quantitative analysis done on the database. In the graph is possible to understand the changes respect to the average value of the finance and no-finance sectors multiple across the different years of analysis.

Graph 24 - EV/Sales multiples for each year

11.2 EV/EBITDA multiples

With reference to the total horizon of time:

- Tot: 33

- Average value: 9,0315

- Average value on finance sector (of the acquirer): 8.172

- Average value of all no finance sectors (of the acquirer): 9,05

With reference to 2016:

- Tot: 15

- Average value: 7,541

- Average value on finance sector (of the acquirer): 6,088

- Average value of all no finance sectors (of the acquirer): 7,645


With reference to 2015:

- Tot: 9

- Average value: 9,744

- Average value on finance sector (of the acquirer): 10,256

- Average value of all no finance sectors (of the acquirer): 9,714

With reference to 2014:

-Tot: 8

- Average value: 9,360

- Average value on finance sector (of the acquirer): null

- Average value of all no finance sectors (of the acquirer): 9,360
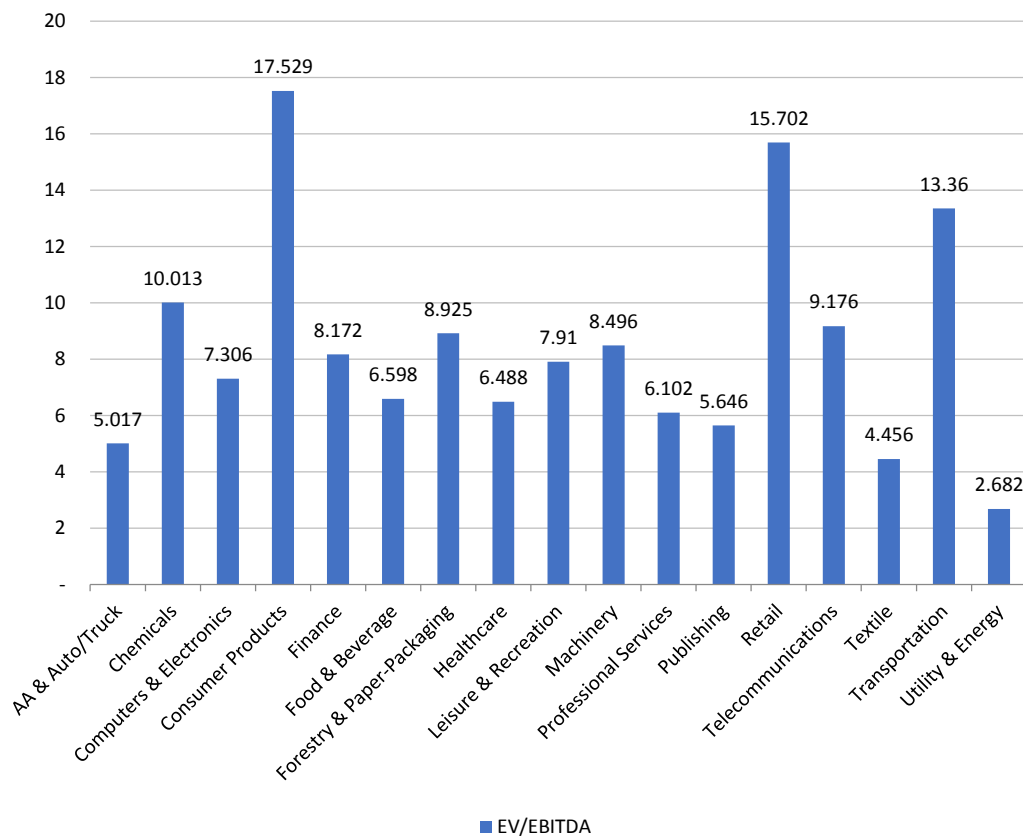

With reference to 2013:

- Tot: 1

- Average value: 9,481

- Average value on finance sector (of the acquirer): null

- Average value of all no finance sectors (of the acquirer): 9,481
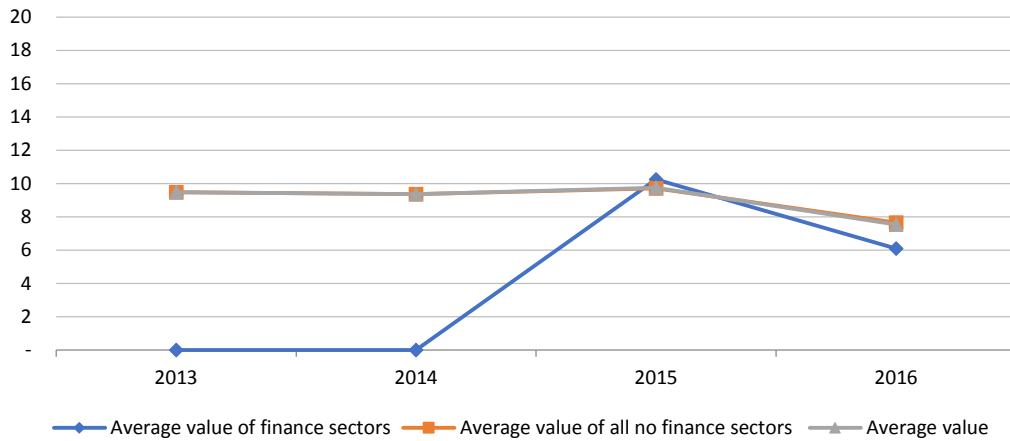
Graph 25 - EV/EBITDA multiples for each year

11.3 Commented on result obtained

*Graph 26 – Average EV/EBITDA multiple for target industry*

With an average 8.65x EV/EBITDA multiple, analyzing multiples for the evaluation of the target company during the transaction, considering the target company segments, the ones with the highest EV/EBITDA are consumer products (17.5x), retail (15.7x), transportation (13.4x), chemical (10.0x) and telecommunications (9.2x).
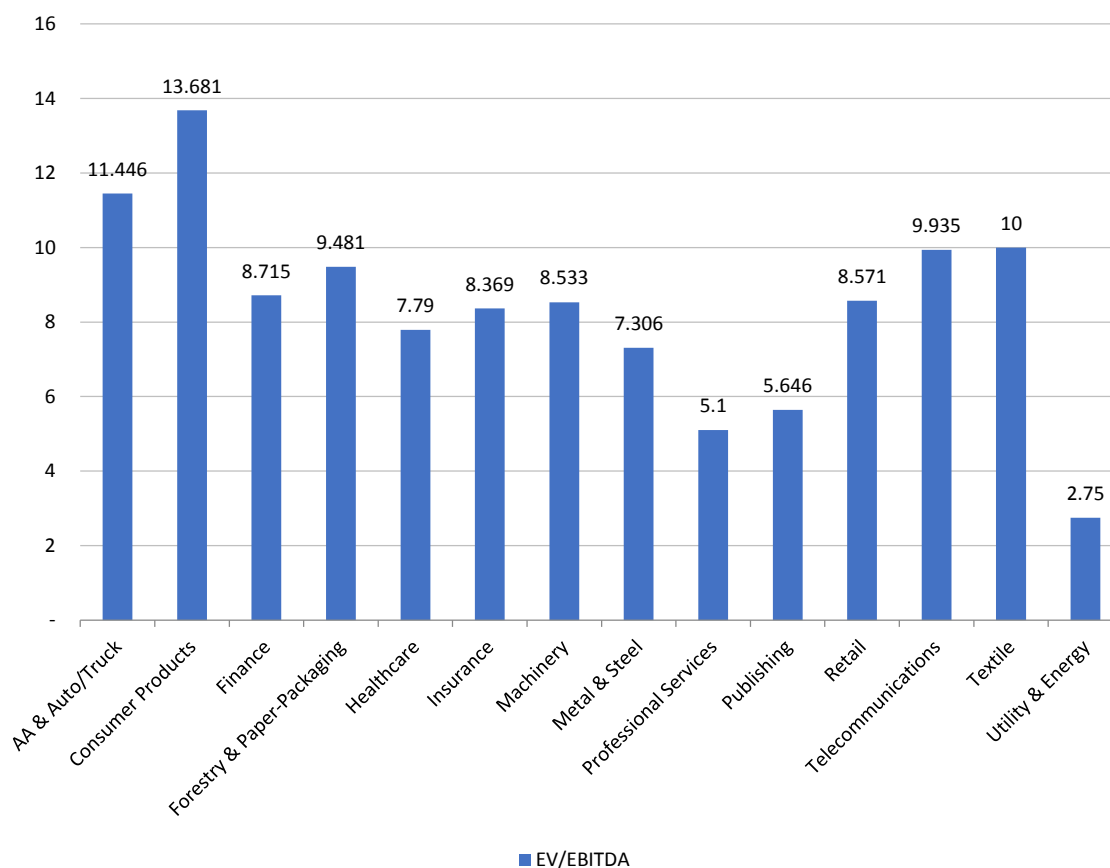
Graph 27- Average EV/EBITDA multiple for bidder industry

Considering instead the segments of the bidder company, on average, financial acquirers pay 8.362x while non-financial ones 8.441x.

Deals have the highest valuation in terms of EBITDA when it is from the consumer products (13.7x), an holding companies (13.4x) and auto/truck (11.4x).
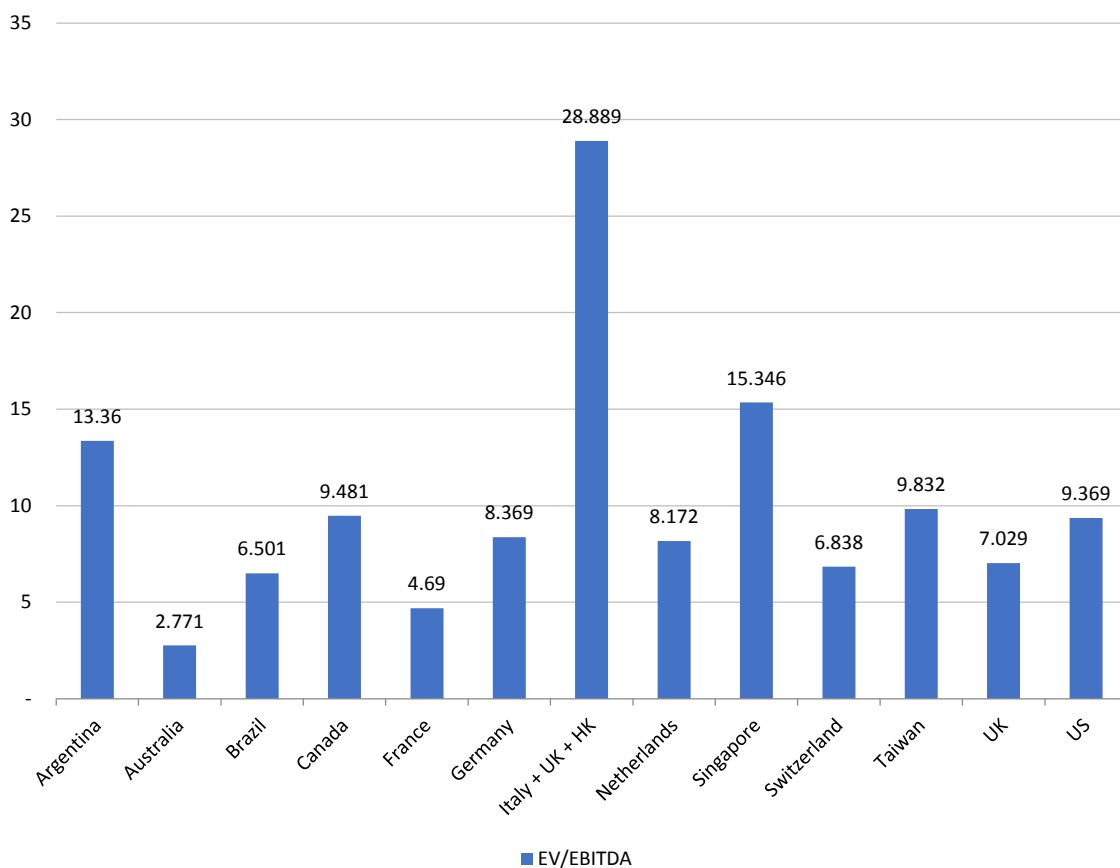
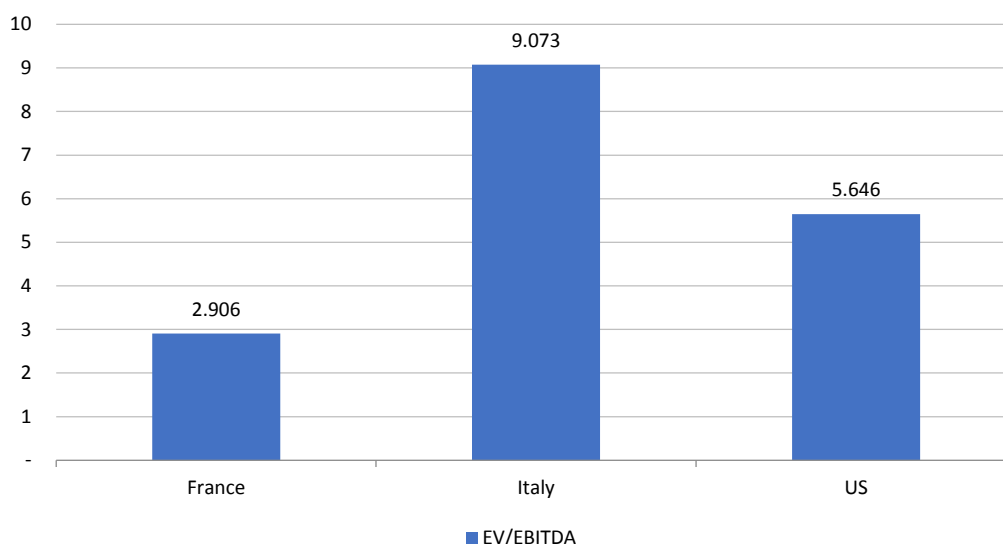*Graph 28 - Average EV/EBITDA by bidder country*

Considering the multiples in relation with the bidder country, the highest EV/EBITDA are represented by a joint deal from Italy, Hong Kong and the United States (28.9x), Singapore (15.3x), Argentina (13.4x).

The first deal is related to the acquisition of the 90% of the Italian luxury brand (private non listed company). The company operates in the Luxury Goods, Accessories, Apparel manufacturer and Retailer focused in women's and men's clothing, accessories and perfumes. The deal technique used was the leverage buyout; the target has been acquired for 390 m€ by the private equity fund composed by the merged companies from Italy, Hong Kong and US.

As the first one, also the second deal is related to the acquisition of an Italian luxury brand of feather jacket (public listed company). The company operates in the retail

and apparel/shoes of luxury Goods and Accessories. The deal techniques used was a multi part deal divestment and the target was acquired for 261,749 m€ by a private equity fund, and a Private Investor and a Sovereign Wealth Fund (SWF) based in Singapore.

The third deal is instead related to the acquisition of the 23.4% of an Italian society that operates in the transportation airlines industry and which main business is to manage the Pisa Airport. The deal was made through a divestment techniques and the target has been acquired for 30.375 m€ by an Holding company involved in airports, infrastructure, energy, and agricultural business based in Argentina.

Graph 29 - Average EV/EBITDA by seller country

Focusing instead on the seller country, but considering the limited data available, the highest EV/EBITDA is related to Italy, with a value of 9.073x.
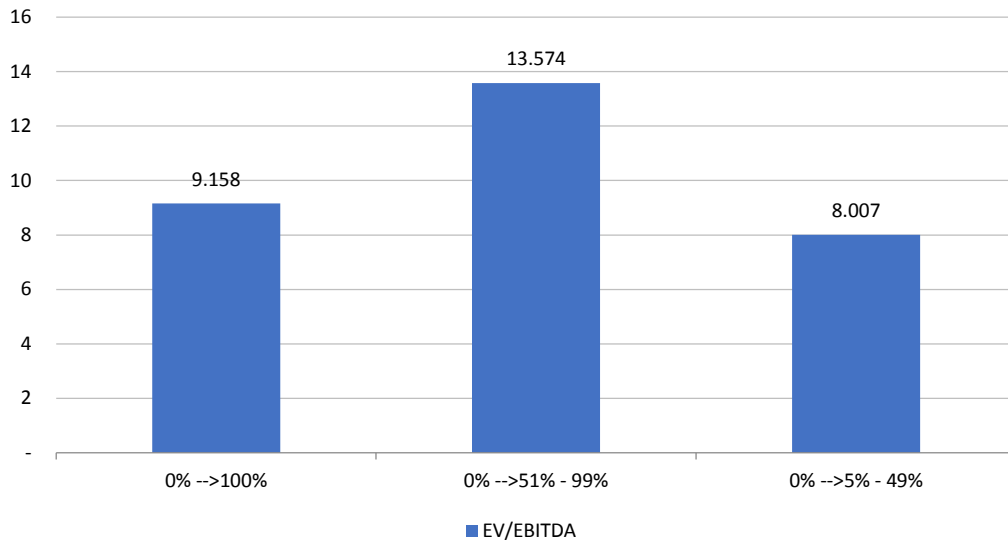
Graph 30 - Average EV/EBITDA by stakes

Further, considering the stake under acquisition, deals ending with the acquisition of the majority, but not the full control, show an higher premium paid in terms of EV/EBITDA.

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